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BANKTHAI

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BANKTHAI PUBLIC COMPANY LIMITED

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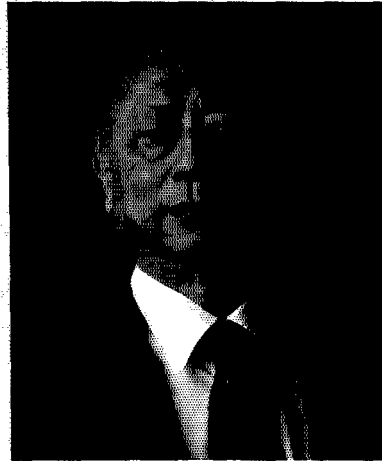
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HIGHLIGHTS OF THE YEAR

<i>At Year End (Million Baht)</i>	1998	1997
Total Assets	67,993.5	73,352.4
Deposits	62,430.8	48,398.7
Interbank and money market items (Liabilities)	2,098.5	13,989.8
Lendings (net)	44,085.5	54,755.3
Cash	748.6	782.3
Interbank and money market item (Assets)	10,617.4	6,216.2
Investment in securities	4,560.6	4,696.5
Borrowings	2,651.3	3,284.8
Shareholders' equity	(816.0)	2,985.5
Number of employees (persons)	2,271	2,721
Number of branches	116	116
<i>For the Year (Million Baht)</i>		
Revenues from operations	7,591.6	8,889.5
Operating expenses	24,404.4	10,714.5
Profit (Loss) before income tax	(16,812.8)	(1,825.0)

In 1998,
the Thai financial
sector faced an
upheaval which was
unprecedented in
its entire history.



A MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE BOARD

In 1998, the Thai financial sector faced an upheaval which was unprecedented in its entire history. This was the result of the serious economic turmoil which afflicted practically every business sector in the country. Policy responses to strengthen the financial sector and enhance the capability of local financial institutions in conforming to international standards of loan classification and reserve requirements compelled a number of commercial banks and finance companies to write down the value of their assets and set aside adequate provisions for substandard debt. Against this backdrop, and the rising levels of substandard debt, which further exacerbated financial difficulties, a number of commercial banks and finance companies found themselves under significant pressure to complete recapitalization plans on schedule. As investor and public confidence in these financial institutions waned, runs on deposit intensified, prompting the institutions concerned to seek loans from the Financial Institutions Development Fund (FIDF). In so doing, the existing shareholders gave way to the FIDF to hold a major stake in the institutions concerned. Realizing that by allowing these institutions to continue with their operations without resolute action to mitigate their financial burden would compromise the public interests, the authorities decided to step in and help accelerate the recapitalization of the institutions concerned, thereby stabilizing their financial position.

Consequently, and as part of the Government's 14 August 1998 financial restructuring package, the Union Bank of Bangkok Public Company Limited, which was one of the financial institutions unable to

recapitalize on time, was ordered to write down the par value of each of its shares to one satang from ten baht, to help offset losses incurred. The Bank then raised new capital of 12,332.2 million baht through the sale of new shares to FIDF, thereby giving FIDF a 99.9 per cent stake in the Bank. In parallel, the Bank was merged with Krung Thai Thanakit Finance and Securities Public Company Limited, a subsidiary of Krung Thai Bank Public Company Limited, and 12 other finance companies taken over by the regulators earlier in the year, namely Union Asia Finance, Nava Finance, Mahathun Finance, Bangkok Asian Finance, Erawan Trust, Progressive Finance, Ksit Finance, Dhana Siam Finance, First City Investment, IFCT Finance, Vajiradhanathun Finance and Thai Summit Finance. The new firm, renamed "BankThai Public Company Limited" was launched on 21 December 1998.

Realizing the important contribution that BankThai Public Company Limited can continue to make to national economic development, every effort will be exerted by the Bank to enhance its capability in such ways that it can continue to play a complementary role in the development process. Given this objective, emphasis will be placed on raising the Bank's operations to international standards, with greater attention being given to the application of modern information technology and the upgrading of management information and risk management systems. This emphasis is designed to help enhance the Bank's international competitiveness and, more importantly, to contribute towards expediting Thailand's economic recovery. Furthermore and keeping in view

The new firm,
renamed "BankThai
Public Company
Limited" was
launched on 21
December 1998.

the crucial role which medium- and small-sized industries can play in economic development, including the importance which the Government attaches to such industries, priority will be given to extending different types of financial assistance to medium- and small-sized enterprises actively involved in the development of major economic sectors, provided that they have the potential for managing their businesses effectively. This shift of policy from extending loans to selected business sectors or large-sized enterprises, which could involve a high degree of risk, to medium- and small-sized enterprises is considered as a practical means of mitigating credit risks.

As at 31 December 1998 the Bank's total assets stood at 68,162.1 million baht, a drop of 7.1 per cent over the previous year. On the other hand, the Bank's deposits (exclusive of interbank and money market items) amounted to 62,438 million baht, up by 29.0 per cent, while its net lending (exclusive allowance for doubtful accounts and accrued interest receivables) totalled 44,046.9 million baht, down by 19.6 per cent. With respect to liquid assets and capital funds, the Bank's total liquid assets stood at 9,747.4 million baht, which included cash-in-hand and deposits of 3,107.6 million baht and unobligated government securities of 6,639.8 million baht. On capital funds, however, the Bank suffered a loss of 1,298.7 million baht.

In 1998, the Bank's revenues amounted to 7,588.4 million baht, a drop of 14.6 per cent due to a decline in interest earnings. At the same time, the Bank's operating expenses totalled 24,171.3 million baht, an increase of 125.6 per cent owing to the need to fulfil regulatory requirements in relation to loan-loss provisions. Other major factors contributing to higher operating expenses included an increase in interest expenses due to the Bank's determined effort to mobilize deposits during the first half of the year, and

losses from the sale of investment in securities. Given the above revenue and expenditure figures, the Bank posted a net loss of 16,812.8 million baht in 1998, an increase of 14,987.8 million baht over the previous year.

In its continuing development efforts, the year 1998 saw the Bank exerting its best efforts to generate the quantity and quality of services required to satisfy customers needs. In particular, 52 more branches were transformed into modern branches, with the result that the Bank now operates 115 modern branches across the country. In addition, exchange facilities are now available in 6 more branches, and ATM cardholders are provided with better value-added services. For instance, to facilitate their financial transactions, customers can now arrange to transfer funds from an ATM account to a non-ATM account or a third-party account, and settle payment for goods and services through the ATM.

Realizing that the efficiency and effectiveness of its day-to-day management and operation have a major contributory role to play in bringing satisfaction to customers, the Bank continues to attach importance to the application of modern technology. Among the highlights are the establishment of the Domestic Funds Transfer Center, whose special function is to facilitate and expedite the transfer of funds from other banks, and the upgrading of an on-line loan payment system which is now fully operational in every branch in the country. Other advancements include the integration of computer technology into the Bank's communications system. In this respect, the office vision (OV) system now provides a useful alternative for communications devices such as the telephone and fax. The adoption of this technology has not only contributed towards reducing operating costs, but has also introduced the Bank to a world of faster, more efficient communications.

Recognizing human resources as being the cornerstone of its successful operation, the Bank continues to maintain priority on human resources development. Despite financial difficulties that beset the Bank throughout 1998, the Bank set up a total of 33 scholarships for staff by utilizing approximately 2.7 million baht of its education grant programme. In addition, training courses were staged to enhance staff knowledge and capability in handling the day-to-day operations. For instance, training courses were organized on key issues such as the operation of a modern branch; and management auditing, the aim of which is to provide staff with an insight into the role and concept of internal audit.

On behalf of the Executive Board, I should like to avail myself of this opportunity to reiterate my deep appreciation of the unwavering support and cooperation extended to us by the shareholders, customers, competent authorities and our counterparts in other financial institutions. My heartfelt thanks and appreciation go especially to each and every staff member for the dedication and hard work throughout the year. I take great pride in the special efforts made by the staff to enhance the quality of our customer service. Indeed, close cooperation and solidarity is an excellent foundation for growth and I am confident that the staff will continue to do their best in pursuit of sustained growth and prosperity.



Dr. Kovit Poshyananda
Chairman



BOARD OF DIRECTORS

Dr.Kovit Poshyananda
Chairman

Mr.Viset Choopiban
Vice Chairman

Mr.Phirasilp Subhapholsiri
President

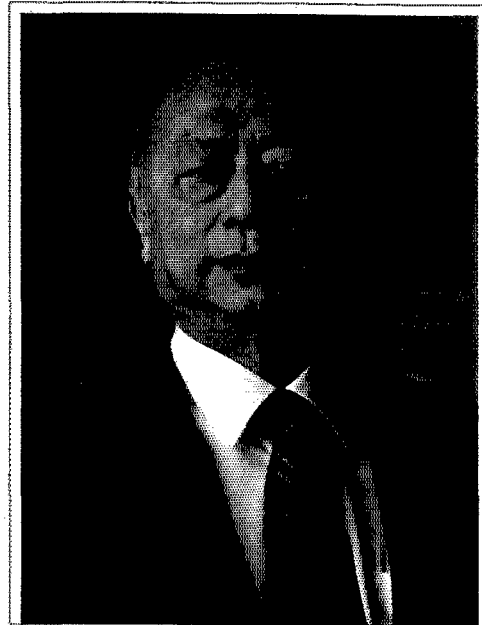
Mr.Bodin Asavanich
Director

Mrs.Duangphorn Sucharittanuwat
Director

Mr.Sukhum Yongvanijchit
Director

Mr.Chaiporn Sooksripaisarnkit
Director

Mr.Bancherd Yenmanas
Secretary to the Board



Dr.Kovit Poshyananda
Chairman



Mr. Viset Choopiban
Vice Chairman



Mr. Phrasilp Subhapholsiri
President



Mr. Bodin Asavanich
Director



Mrs. Duangphorn Sucharittanuwat
Director



Mr. Sukhum Yongvanijchit
Director



Mr. Chalporn Sooksripaisarnkit
Director



LIST OF EXECUTIVE OFFICERS

MR.PRAWIT KITPAISALRATTANA	FIRST VICE PRESIDENT	COMMERCIAL BANKING DEPARTMENT	
MRS.SUTTHARUG PANYA	FIRST VICE PRESIDENT	MR.TIRAPONG TRITEPCHANCHAI	VICE PRESIDENT
MR.SONGWUD BOAKHEM	FIRST VICE PRESIDENT	MRS.CHUTIMA MEKASAWAT	VICE PRESIDENT
MR.KITTI GAJANANDANA	FIRST VICE PRESIDENT	MRS.SIRILUCK INTULUCK	SECOND VICE PRESIDENT
MR.GRUNT WATTANATHUM	FIRST VICE PRESIDENT	MISS.KANCHANA KOSIYANANT	SECOND VICE PRESIDENT
ADMINISTRATION DEPARTMENT		MR.SAKCHAI WONGCHAISURIYA	SENIOR CREDIT MANAGER
MR.SUPHONG LIMTHONG	VICE PRESIDENT	MR.STAPORN PORNPRAPUNT	SENIOR CREDIT MANAGER
MRS.CHITTPINYA CHOOMSAI NA AYUTHAYA	ASSISTANT VICE PRESIDENT	MR.PHONGSAK KHUNAMARNLERT	SENIOR CREDIT MANAGER
MR.SOMCHAI APICHARTVORAKIT	ASSISTANT VICE PRESIDENT	MR.SAMRAN UMASANGTHONGKUL	SENIOR CREDIT MANAGER
MR.MANOON TUMSAN	ASSISTANT VICE PRESIDENT	CONSUMER MORTGAGE DEPARTMENT	
AUDIT DEPARTMENT		MR.PIPAT HONGMEESIENGSR	VICE PRESIDENT
MR.SUWAT CHEEWAKASEMSUK	VICE PRESIDENT	MR.PISUTH PITAMONTREKUL	SECOND VICE PRESIDENT
MRS.MALINI APIWATANANONT	SECOND VICE PRESIDENT	MR.NATAVAT CHANTRASORN	SECOND VICE PRESIDENT
MISS.DUSSADEE POTHONG	SECOND VICE PRESIDENT	MRS.LINLEE MATHUROSPORNWATANA	ASSISTANT VICE PRESIDENT
MR.BOONKEAT EKWANICH	SECOND VICE PRESIDENT	MRS.JINIDA LAKANATHAMPICHT	ASSISTANT VICE PRESIDENT
MR.SAVIN APIWATANANONT	SECOND VICE PRESIDENT	MR.SURIYA CHAKAVARNPITUK	ASSISTANT VICE PRESIDENT
MR.CHATCHAI VORASINGHA	ASSISTANT VICE PRESIDENT	CREDIT ADMINISTRATION DEPARTMENT	
MR.SOMSAK NENBUMRUNG	ASSISTANT VICE PRESIDENT	MRS.PRATUANG CHAROENPORN	SECOND VICE PRESIDENT
MR.SUWAT SUKARASUT	ASSISTANT VICE PRESIDENT	MR.KRIANGKRAI WONGHOM	ASSISTANT VICE PRESIDENT
BANKING DEPARTMENT		MR.DAMRONGPHON PISANTHUKSIN	ASSISTANT VICE PRESIDENT
MR.BOONYAPONGSE CHANTRAOURAI	VICE PRESIDENT	CREDIT CARD DEPARTMENT	
MR.PRASARTPORN LUKKANAKUL	SECOND VICE PRESIDENT	MR.NIWAT KANJANAPHOONIN	VICE PRESIDENT
MR.SOMKUAN KAHATTHA	ASSISTANT VICE PRESIDENT	MR.SURAWAT KIRDSIN	ASSISTANT VICE PRESIDENT
BRANCH ADMINISTRATION DEPARTMENT		MR.THITWATNA SUKKJUMRUNG	ASSISTANT VICE PRESIDENT
MISS.SIRIMA SITTISUNTORN	VICE PRESIDENT	MR.NATTAWUT THONNARATANA	ASSISTANT VICE PRESIDENT
MR.CHANIN VEERAWAN	VICE PRESIDENT	CREDIT OPERATION DEPARTMENT	
MR.VIRAT AUPPATHUMPSIRIKUL	SECOND VICE PRESIDENT	MR.SANYA KICHPECHR	SECOND VICE PRESIDENT
MR.WIBOON SUPHANURAK	SECOND VICE PRESIDENT	MR.CHOOKIAT YONGSOMBOON	SECOND VICE PRESIDENT
MR.BURANA VAMNUTJINDA	SECOND VICE PRESIDENT	MRS.NUNTHA SINPRASERTRAT	ASSISTANT VICE PRESIDENT
MR.SONGKRAN WONGWACHARAAMPHON	ASSISTANT VICE PRESIDENT	MR.SOMCHAI SANEPUN	ASSISTANT VICE PRESIDENT
MR.AMPON SUKUMSRI	ASSISTANT VICE PRESIDENT	CREDIT POLICY AND RISK MANAGEMENT DEPARTMENT	
MR.APINAN SIRIPHAN	ASSISTANT VICE PRESIDENT	MISS.TIPAVAN PRASITLAMKAM	VICE PRESIDENT
MRS.BENJAWUN SIDHIBHLAKORN	ASSISTANT VICE PRESIDENT	MR.ADINUN SOOKMARK	ASSISTANT VICE PRESIDENT
		MR.WIWAT WUTHIPUNTHACHAI	ASSISTANT VICE PRESIDENT

**RECOVERY AND LEGAL DEPARTMENT**

MISS.SIRILUCK WONGTHAI SECOND VICE PRESIDENT
MR.PONGDEJ WONGPOOM SECOND VICE PRESIDENT
MRS.KRONGKARN PICHAYAKUL SECOND VICE PRESIDENT
MR.WISUTR LEENAWAT ASSISTANT VICE PRESIDENT
MRS.WIPAVEE BURANASOMPHOB ASSISTANT VICE PRESIDENT
MR.KISANA PATTAMAKOM ASSISTANT VICE PRESIDENT
MISS.RAPEEPORN VANASANT ASSISTANT VICE PRESIDENT
MR.CHALONG VISESHOM ASSISTANT VICE PRESIDENT

INFORMATION DEPARTMENT

MISS.JIRAYU KHOOMPEETI VICE PRESIDENT
MRS.VILAIWAN TIASIRI SECOND VICE PRESIDENT
MISS.RATANA VATANAPUKDEE ASSISTANT VICE PRESIDENT
MR.PICHAJ YIMJAIPOONSUP ASSISTANT VICE PRESIDENT

INFORMATION TECHNOLOGY DEPARTMENT

POL.CAPT.DANAI KHAOPHAIARN VICE PRESIDENT
MR.PAIBOON SIRICHUCHNIN SECOND VICE PRESIDENT
MISS.YUPA PIPATKORNKUL SECOND VICE PRESIDENT
MRS.WILAIORN KASEMPANNARAI ASSISTANT VICE PRESIDENT
MRS.NATTAYA NIPATKUSOLKIT ASSISTANT VICE PRESIDENT
MR.WEERARAT RATANAMUNGMEKAR ASSISTANT VICE PRESIDENT
MR.TAWEE RATANAWILAIWAN ASSISTANT VICE PRESIDENT

INTERNATIONAL BANKING DEPARTMENT

MR.SUWICH DHIRAVIBULYA SECOND VICE PRESIDENT
MR.SAMART SRIMELARP ASSISTANT VICE PRESIDENT

OFFICE OF MANAGEMENT INFORMATION**OFFICE OF THE PRESIDENT**

MRS.BUSARAT SIHANONTH VICE PRESIDENT
MRS.THAPTHIM SINGHASENI SECOND VICE PRESIDENT
MRS.SIRIRAT ISARABHAKDI ASSISTANT VICE PRESIDENT

ORGANIZATION AND SYSTEM DEVELOPMENT DEPARTMENT

MR.CHAIKAJOHN THAMPRAATHEEP VICE PRESIDENT
MR.WIPACH PREDAWUT ASSISTANT VICE PRESIDENT
MR.ADIREK SATPHAISARNKIT ASSISTANT VICE PRESIDENT
MRS.YUPHADEE INTARAKASET ASSISTANT VICE PRESIDENT

PERSONNEL DEPARTMENT

MRS.PHANIT WONGPHAET VICE PRESIDENT
MR.WANCHAI SIRINUSRIWONG ASSISTANT VICE PRESIDENT
MRS.MALIWAN WONGPOOM ASSISTANT VICE PRESIDENT

TRAINING CENTER

MR.KRISDA SRIBUNNAK VICE PRESIDENT
MRS.RUDEE USANNO SECOND VICE PRESIDENT
MRS.PHAYOMTHIP PHAEM ASSISTANT VICE PRESIDENT
MISS.PONGSETHIDA KASEMSIN ASSISTANT VICE PRESIDENT

TREASURY DEPARTMENT

MRS.MALEEKANYA SAGARIK VICE PRESIDENT
MRS.SRISAANG BOONRAWD ASSISTANT VICE PRESIDENT
MR.UDOM KASIPHAIBUL ASSISTANT VICE PRESIDENT

CHARANSITWONGSE REGION

MR.SUTIT UPAMASINTU REGIONAL MANAGER

HUAMARK REGION

MRS.CHUNIL JULNITI SENIOR REGIONAL MANAGER

RAJDMARNER REGION

MR.VIRIYA JARUANSUK REGIONAL MANAGER

SUKSAWAD REGION

MR.THAWEESEK JENPRAJAK REGIONAL MANAGER

YANAWA REGION

MR.UDOMSAK LEHLEAKBHAI SENIOR REGIONAL MANAGER

CHIANG MAI REGION

MISS.RANGSIMA LOHASONGSAENG REGIONAL MANAGER

CHON BURI REGION

MR.WICHAI PRUKSACHARTANAN REGIONAL MANAGER

KHON KAEN REGION

MR.SERMSUK WONGPAIBOON REGIONAL MANAGER

NAKHON RATCHASIMA REGION

MR.NATEE VONGCHAVALITKUL REGIONAL MANAGER

NAKHON SAWAN REGION

MR.PORNCHAI DESAWATSRIPEET SENIOR REGIONAL MANAGER

PHETCHABURI REGION

MR.CHAMROEN SIRIKUL REGIONAL MANAGER

SONGKHLA REGION

MISS.SIRIMA SITTISUNTORN VICE PRESIDENT



AN OVERVIEW OF THE BANK'S OPERATIONS, DEVELOPMENTS, ADVANCEMENTS AND ACTIVITIES

TO THE SHAREHOLDERS :

The severe economic crisis which began to afflict Thailand in 1997 continued unabated in 1998. The crisis caused severe setbacks in the various business sectors, however, the most visible manifestations were to be found in the severity of losses suffered by financial institutions during the first half of 1998. This was the result of, among other things, the steadily escalating levels of substandard debt and the serious lack of liquidity suffered by a number of financial institutions. Eventually, the financial institutions who found themselves under significant pressure to recapitalize ended up seeking huge loans from the Financial Institutions Development Fund (FIDF). Recognizing the pressing need to assist in stabilizing the financial position of these institutions, the concerned authorities decided to intervene in the management and recapitalization processes.

Consequently, and as part of the Government's 14 August 1998 financial restructuring package the Union Bank of Bangkok Public Company Limited, which was one of those hard hit by the upheaval, was ordered to write down the par value of each of its shares to one satang from ten baht, and to recapitalize through the sale of new shares to FIDF. Moreover, the authorities ordered a merger between the Bank with Krung Thai Thanakit Finance and Securities Public Company Limited, a subsidiary of Krung Thai Bank Public Company Limited, and 12 other finance companies taken over by the authorities earlier in the year.

Implementation of the above measures neither impacted negatively on the provision of customer service nor disrupted the day-to-day operation of the Bank, therefore, it was still business as usual for the staff. However, and in view of the merger, the Bank's name was changed to "BankThai Public Company Limited" on 21 December 1998, thereby officially announcing the launch of a new commercial bank.

Under the adverse circumstances and unprecedented upheaval which struck the financial sector, utmost effort has been exerted by the Bank to handle its businesses cautiously with focus being given to stabilizing its financial position. In this respect, importance has been increasingly attached to enhancing the quality of credit, setting aside adequate loan-loss provisions and recapitalization.

ASSETS

As at 31 December 1998, the Bank's total assets stood at 67,993.5 million baht, a drop of 7.3 per cent over the previous year. This decline was attributed to a number of factors, namely stringent measures imposed on credit extension, the principal objective of which was to preclude the Bank from over-extending its credit line unprofitably, and higher loan-loss provisions designed to maintain asset quality. Another factor contributing to the decline was the set of measures introduced by the Bank of Thailand to strengthen the Bank's financial position and enable it to conform to international standards.

DEPOSITS

As at 31 December 1998, and resulting from the Bank's determined effort during the first half of 1998 to mobilize deposits for the purpose of increasing its liquidity, coupled with restored public confidence following government intervention, the Bank's deposits (exclusive of interbank and money market items) stood at 62,430.8 million baht, an increase of 29.0 per cent over 1997.

CREDITS

Due to unfavorable economic conditions, the Bank's special effort to maintain the quality of its assets, and the implementation of the Bank of Thailand's order concerning loan-loss provisions, the Bank's net lending (exclusive allowance for doubtful accounts and accrued interest receivables) as of 31 December 1998 amounted to 44,085.5 million baht, down by 19.5 per cent as compared to 1997.



LIQUID ASSETS AND CAPITAL FUNDS

As at 31 December 1998, the Bank's liquid assets totalled 9,747.4 million baht, comprising cash-in-hand and deposits of 3,107.6 million baht and unobligated government securities of 6,639.8 million baht. However, as of 31 December 1998, the Bank suffered a loss in capital funds of 1,528.6 million baht.

REVENUES, EXPENDITURES AND PROFIT AND LOSS

During 1998, the Bank's revenues were 7,591.6 million baht, representing a fall of 14.6 per cent due to lower interest earnings and dividends of 10.3 per cent. This was the result of curbs on credit extension and non-performing loans, in arrears for more than three months, as well as lower lending interest rates. Non-interest earnings also fell by 56.3 per cent due to the prevailing economic conditions.

On the operating side, the year 1998 saw the Bank's operating expenses recorded at 24,404.4 million baht, up by 127.8 per cent owing to the need to set aside higher loan-loss provisions designed to stabilize the Bank's financial position. Another factor contributing to higher expenses was an increase in interest expenses of 51 per cent due to the Bank's determined effort to mobilize deposits during the first half of 1998 for the primary purpose of increasing its liquidity. Non-interest expenses increased by 285.4 per cent as a result of losses from the sale of investment in securities.

Given the above revenue and expenditure figures, the Bank posted a net loss of 16,812.8 million baht in 1998.

DEVELOPMENTS, ADVANCEMENTS AND ACTIVITIES OF THE BANK

In its continuing development efforts, the year 1998 saw the Bank exerting its best endeavors to generate the quantity and quality of services required to satisfy customer needs. These embraced improvements in the Bank's day-to-day management and operations, adoption of modern technology, human resources development and improvements in customer service.

CUSTOMER SERVICES

The Bank continues to maintain its priority of providing satisfaction to each and every customer. This is designed to equip the Bank with the means necessary for enhancing its domestic and international competitiveness at the current point in time, as well as for gearing itself up for fiercer competition in the future.

Against this backdrop, the year 1998 saw the Bank setting up foreign currency exchange facilities in six more branches, with the result that the Bank now operates a total of 62 foreign currency exchange outlets, including mobile units. Moreover, the Bank continues to place special emphasis on providing better value-added services to ATM cardholders. In this respect, ATM cardholders can now transfer funds from an ATM account to a non-ATM account or a third-party account, and settle payment for goods and services through the ATM. In addition, the Bank established the Domestic Funds Transfer Center (DFT) which became fully operational on 7 September 1998. The specific function of the Center is to expedite the transfer of funds from other banks by lessening the time required to complete the process from 3-4 days to just one day. This has contributed significantly towards facilitating customers' financial transactions.

In view of a change of name from the Union Bank of Bangkok Public Company Limited to "Bank-Thai Public Company Limited" on 21 December 1998, the Bank set up a special hot line for customers who need information or clarification of the major implications of the change. The hot line was, in fact, designed to generate a proper appreciation of the Bank's current position and enhance its image.

MODERNIZATION OF THE BRANCH NETWORK

The foremost objective behind the modernization of the different branches, a process which began in 1995, has been to satisfy customer needs and requirements in a timely manner. The year 1998 saw the Bank modernizing an additional 52 branches, thereby bringing the total number of modern branches to 115.



IMPROVEMENTS IN DAY-TO-DAY MANAGEMENT AND OPERATIONS

The upgrading of an on-line loan payment system took shape in 1995. Complemented by visual aids, the system which serves as a storehouse for customer information in relation to credit extension, has significantly contributed to facilitating and expediting the credit extension process. Presently, the system which is fully operational in every branch in the country, only has the capacity to accommodate term loans. The Bank, however, intends to upgrade the system, thereby enabling it to accommodate all types of loans in the future.

UPGRADING OF INFORMATION TECHNOLOGY

Computer technology has an increasingly important role to play in enhancing the efficiency and effectiveness of the Bank's management and operations. Consequently, the year 1998 saw the Bank integrating computer technology into its communications system. In this respect, an office vision (OV) system now provides a useful alternative to communications devices such as the telephone and fax in, for example, processing and clearing various bank papers such as cheques, bank drafts, etc., as well as in arranging money transfers. This has contributed not only to reducing operating costs, but also to enhancing the efficiency and effectiveness of the Bank's communications system. In addition, the various departments now use the bulletin board of the OV to disseminate information to the staff at large, thereby simplifying information-sharing tasks for the parties concerned. As a result, the staff both at the head office and at different branches now have access to shared information simultaneously.

TECHNOLOGICAL DEVELOPMENT

The looming threat of the year 2000 computer problem, commonly known as the Y2K bug has caused widespread concern in all business sectors, especially the commercial banking sector. The fixed deadline by which the work must be completed makes this a high-priority issue for all concerned. Recognizing the urgency of the issue, the Bank took the initiative in 1997 to start exploring ways and means of combating the year 2000 problem, with regard to both its computer hardware and software. In this respect, the suppliers have expressed their willingness to assist the Bank in remedying the Y2K bug, as and when necessary. With regard to the majority of computer programmes developed by the Bank, appropriate remedial measures have already been taken, with the programmes expected to undergo extensive trials during the early part of 1999. In addition, the Bank is collaborating closely with the Thai Bankers' Association on the measures necessary for tackling the problem which should, in turn, assist the Bank in addressing the problem in a systematic manner.

HUMAN RESOURCES DEVELOPMENT

Though beset with serious financial difficulties, the Bank invariably recognizes human resources as the cornerstone of its successful operation. Therefore, the year 1998 saw human resources development, including the provision of scholarships to the staff featuring prominently on the Bank's agenda. In this context, the Bank set up 33 scholarships: eight for Master's degrees, seven for Bachelor's degrees, three for mini MBAs, five for the "The Thai Institute Banking and Finance Association at the Yong Management Level" programme, and ten for the "Basic Banking" programme. The total value of the scholarships amounted to approximately 2.7 million baht.

In addition to affording the staff the opportunity to upgrade their knowledge and ability by following programmes conducted by outside academic institutions, the Bank organized, for example, three training courses designed to prepare the staff for handling the work associated with the operation of modern branches, highlighting the Bank's special features and quality of customer service, the desirable level of leadership and ways and means of generating team spirit. Furthermore, a workshop was organized on the issue of management auditing, the aim of which was to provide the staff with an insight into the role and concept of internal audit.

SOCIAL WELFARE ACTIVITIES

The year 1998 saw the Bank maintaining its priority to continue to extend its full support and cooperation to the implementation of social welfare activities, including the areas of education, religion, cultural promotion, community service and social welfare. During the period under review, the Bank played a role in the following activities:



Education and cultural promotion: BankThai Public Company Limited in collaboration with the Thai Bank Public Relations Group set up a center for accepting donations for the Toy Bank, which has been launched for the purpose of collecting used toys and sports equipment for onward distribution to underprivileged children in various communities. The objective of this activity is to improve the knowledge, skills and creativity of those children who will one day become valuable members of the society. Moreover, the Bank awarded scholarships to three students at Suwannaram Wittayakom School and five undergraduates at Chiang Mai University, who are faced with financial difficulties.

Community service: On the auspicious occasion of the 50th anniversary of His Majesty the King of Thailand's accession to the throne, the year 1998 saw the Bank extending full support to the reforestation programme dedicated to His Majesty the King, which covers an area of more than 3,000 rai in Uttaradit Province. In addition, the Bank collaborated with other organizations in the implementation of the project entitled "Thais help Thailand by selling dollars and depositing baht" by participating in a walk rally and providing dollar exchange facilities to the interested parties.

APPROPRIATION OF PROFIT IN 1998

For the first half year ended June 30, 1998, the Bank had losses of Baht 14,579,022,624.01 and had unappropriated retained earnings carried forward from December 31, 1997 of Baht 84,843,483.83. The total unappropriated retained losses was Baht 14,495,349,140.18 after deducted the adjustment of Baht 1,170,000.00. Board of Directors propose the appropriation as follows :

Unappropriated Retained Earnings B/F	Baht	84,843,483.83
Directors' Fees	Baht	(1,170,000.00)
Unappropriated Retained Earnings (Deficit) C/F	Baht	(14,495,349,140.18)
Net losses for the period	Baht	(14,579,022,624.01)

As at August 14, 1998, Bank of Thailand ordered the Bank to reduce and increase capital, the remaining par value is Baht 0.01. After write off the unappropriated retained earnings (deficit) from shareholder's equity, the unappropriated retained earnings (deficit) balance is Baht (11,628,839,305.18) which details as follows :

Authorized share capital		
180,000,000 ordinary shares of Baht 10.00 each	Baht	1,800,000,000.00
Issued and paid-up share capital		
180,000,000 ordinary shares of Baht 10.00 each fully paid	Baht	1,800,000,000.00
Reduce paid-up share capital by B.O.T. ordered to		
180,000,000 ordinary shares of Baht 0.01 per share	Baht	1,800,000.00
Paid-up share capital reducing amount	Baht	1,798,200,000.00
Premuim on share capital	Baht	290,776,835.00
Legal reserve	Baht	55,500,000.00
General Reserve	Baht	722,033,000.00
Unappropriated Retained Earnings (Deficit) B/F	Baht	(14,495,349,140.18)
Unappropriated Retained Earnings (Deficit) C/F	Baht	(11,628,839,305.18)

For the second half year ended December 31, 1998, the Bank had losses of Baht 2,233,771,510.42 adding to unappropriated retained losses carried forward after reduced capital of Baht 11,628,839,305.18. The Bank's net losses carried forward amounting to Baht 13,862,610,815.60. Board of Directors propose to transferred net losses for the period to unappropriated retained earnings as follows :

Unappropriated Retained Earnings (Deficit) B/F	Baht	(11,628,839,305.18)
Net losses for the period	Baht	(2,233,771,510.42)
Unappropriated Retained Earnings (Deficit) C/F	Baht	(13,862,610,815.60)

K.P.L.
Chairman

[Signature]
President

Financial Statements
Half Year Ended June 30, 1998



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED
REPORT OF THE AUDITORS

We have examined the consolidated balance sheet as at June 30, 1998 and 1997, the related consolidated statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for each half year then ended respectively of The Union Bank of Bangkok Public Company Limited and subsidiaries, and have examined the balance sheet as at June 30, 1998 and 1997 and the related statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for each half year then ended respectively of The Union Bank of Bangkok Public Company Limited by the cost method. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except that we were unable to obtain a management representation letter because of the change of the members of the Board of Directors as discussed in the fourth and fifth paragraphs.

As described in Note 5.7.1 to the financial statements, as at June 30, 1998 a subsidiary company has recorded allowance for doubtful accounts amounting of Baht 1,761 million according to the Bank of Thailand's Notification dated November 12, 1997 regarding official guidelines and policies in improving the standards of financial institution supervision (see Note 3.5). On August 13, 1998, according to the order of the Bank of Thailand regarding the reduction of its existing



capital and the raising of new capital, the subsidiary was required to record the allowance for doubtful accounts in the amount of Baht 2,229 million. Such allowance should have been recorded as of June 30, 1998. Had such further allowance been made by the subsidiary, total assets in the consolidated financial statements as at June 30, 1998 would decrease by Baht 468 million, net loss in the consolidated financial statements for the half year then ended would increase by an equal amount and net loss per share would increase by Baht 2.60.

The accompanying consolidated financial statements and the Bank's financial statements by the cost method for the half year ended June 30, 1998 have been prepared assuming the Bank will continue as a going concern and be able to realize its assets and liquidate its liabilities in the normal course of business. Therefore, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Bank not continue as going concern. As disclosed in Note 1 to the financial statements, the Bank has been unable to meet certain capital requirements of the Bank of Thailand. The Bank of Thailand, on August 14, 1998, ordered the Bank to reduce its existing capital and raise new capital to comply with such capital adequacy requirements and also ordered a change of the Bank's Board of Directors. In addition, according to the joint announcement between the Ministry of Finance and the Bank of Thailand dated August 14, 1998, the Bank will be merged with Krung Thai Thanakit Finance and Securities Public Company Limited of which the merger plan will be completed within December 31, 1998. These factors raise a doubt whether the Bank will be able to continue as a going concern.



In our report dated August 15, 1997, our opinion on the consolidated financial statements and the Bank's financial statements for the half year ended June 30, 1997 was unqualified. However, because we are unable to obtain a representation letter from management for the half year ended June 30, 1998, therefore, we are unable to know of current information or events which might have the effect on such financial statements for the half year ended June 30, 1997. Accordingly, our opinion on such financial statements, as presented herein, is different from that expressed in our previous report.

Due to the uncertainty of the continuation of the Bank as a going concern, as described in the third paragraph, which might have material effects on the consolidated financial statements of The Union Bank of Bangkok Public Company Limited and subsidiaries and the Bank's financial statements by the cost method for the half year ended June 30, 1998, and because we were unable to obtain a representation letter from management, we do not express an opinion on the financial statements for the half years ended June 30, 1998 and 1997.

Toemsakdi Krishnamra

(Toemsakdi Krishnamra)

Certified Public Accountant

DELOITTE TOUCHE TOHMATSU JAIYOS

BANGKOK

August 14, 1998

(September 1, 1998 with
respect to Notes 5.7.1 and 7)



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT JUNE 30.

ASSETS	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
CASH	644,937,393	1,728,486,534	644,775,795	1,728,367,127
INTERBANK AND MONEY MARKET ITEMS (Notes 5.2 and 5.6)				
Domestic items				
Interest bearing	2,270,856,294	3,406,528,604	2,616,893,654	3,401,517,962
Non-interest bearing	458,966,186	953,449,172	446,671,944	951,555,685
Foreign items				
Interest bearing	2,064,887,126	873,276,483	2,064,887,126	873,276,483
Non-interest bearing	148,706,887	190,634,023	148,706,887	190,634,023
Total interbank and money market	4,943,416,493	5,423,888,282	5,277,159,611	5,416,984,153
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Note 5.3)	600,000,000	90,000,000	600,000,000	-
INVESTMENT IN SECURITIES (Note 5.4)				
Securities for trading	432,859,381	180,169,612	-	-
Securities for investment	1,806,284,509	4,855,275,534	5,197,507,822	5,408,116,395
Total investment in securities	2,239,143,890	5,035,445,146	5,197,507,822	5,408,116,395
<u>Less</u> Allowance for diminution in value of securities	(1,342,738,771)	(618,270,975)	(4,712,476,707)	(470,104,701)
Net investment in securities	896,405,119	4,417,174,171	485,031,115	4,938,011,694
ACCOUNTS WITH SECURITIES COMPANIES	1,142,388	35,596,716	-	-
LOANS AND ACCRUED INTEREST RECEIVABLES (Note 5.5)				
Loans	61,875,861,712	62,069,930,833	55,099,454,766	54,575,194,105
Accrued interest receivables	3,803,668,018	2,315,442,362	3,342,719,340	2,027,520,978
Total loans and accrued interest receivables	65,679,529,730	64,385,373,195	58,442,174,106	56,602,715,083
<u>Less</u> Allowance for doubtful accounts (Note 5.7)	(13,113,895,286)	(1,180,015,287)	(11,297,157,419)	(786,319,338)
Net loans and accrued interest	52,565,634,444	63,205,357,908	47,145,016,687	55,816,395,745
PROPERTIES FORECLOSED	777,767,675	320,019,160	657,767,014	279,870,058
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	462,361,443	1,202,147,718	552,361,443	1,202,147,718
PREMISES AND EQUIPMENT, NET (Notes 3.7 and 5.8)	2,473,131,281	2,228,653,253	2,415,666,599	2,154,008,635
OTHER ASSETS	919,171,640	582,021,073	905,038,964	432,280,471
TOTAL ASSETS	64,283,967,876	79,233,344,815	58,682,817,228	71,968,065,601
	BAHT			

Notes to the financial statements form an integral part of these statements



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT JUNE 30,

LIABILITIES AND SHAREHOLDERS' EQUITY	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
DEPOSITS (Note 5.9)				
Deposits in Baht	60,790,429,032	59,376,070,985	57,190,924,720	52,734,854,458
Deposits in foreign currencies	8,018,578	10,677,993	8,018,578	10,677,993
Total deposits	60,798,447,610	59,386,748,978	57,198,943,298	52,745,532,451
INTERBANK AND MONEY MARKET ITEMS (Note 5.10)				
Domestic items				
Interest bearing	7,829,439,279	6,448,750,050	6,408,992,940	5,963,421,423
Non-interest bearing	45,024,549	402,429,858	45,037,290	402,429,858
Foreign items				
Interest bearing	917,899,086	4,084,894,352	917,899,086	4,084,894,352
Non-interest bearing	2,783,008	17,277,266	2,783,008	17,277,266
Total interbank and money market	8,795,145,922	10,953,351,526	7,374,712,324	10,468,022,899
LIABILITY PAYABLE ON DEMAND	92,142,647	152,702,156	92,142,647	152,702,156
SECURITIES SOLD UNDER REPURCHASE				
AGREEMENTS (Note 5.11)	341,000,000	308,017,096	-	300,000,000
ACCOUNTS WITH SECURITIES COMPANY	15,985	312,393	-	-
CUSTOMERS ACCOUNTS	5,000,131	35,720,638	-	-
BORROWINGS (Note 5.12)				
Long-term borrowings	2,988,780,000	1,997,400,000	2,988,780,000	1,997,400,000
Total borrowings	2,988,780,000	1,997,400,000	2,988,780,000	1,997,400,000
BANK'S LIABILITY UNDER ACCEPTANCES	462,361,443	1,202,147,718	552,361,443	1,202,147,718
DEFERRED GAIN FROM SALE OF PROPERTIES				
FORECLOSED	43,585,001	43,585,001	-	-
ACCRUED INTEREST PAYABLE	1,389,983,831	911,756,783	1,246,418,530	787,549,400
ACCRUED PAYABLE	19,371,808	25,834,869	19,371,808	25,834,869
WITHHOLDING TAX	103,041,279	71,563,747	102,917,150	71,563,747
OTHER LIABILITIES PENDING TRANSFER	58,041,777	88,836,329	58,041,777	88,836,329
OTHER LIABILITIES	159,201,850	578,953,762	91,752,348	82,985,728
TOTAL LIABILITIES	75,256,119,284	75,756,930,996	69,725,441,325	67,922,575,297
MINORITY INTEREST	-	197,043,373	-	-



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT JUNE 30,

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)	CONSOLIDATED		COST METHOD		
	1998	1997	1998	1997	
SHAREHOLDERS' EQUITY					
SHARE CAPITAL (Note 5.13)					
Authorized share capital					
180,000,000 ordinary shares of Baht 10.00 each	1,800,000,000		1,800,000,000		
80,000,000 ordinary shares of Baht 10.00 each		800,000,000		800,000,000	
Issued and paid-up share capital					
180,000,000 ordinary shares of Baht 10.00 each, fully paid	1,800,000,000		1,800,000,000		
75,000,000 ordinary shares of Baht 10.00 each, fully paid		750,000,000		750,000,000	
SUBSCRIPTION RECEIVED IN ADVANCE					
BEFORE REGISTRATION	-	75,000,000	-	75,000,000	
PREMIUM ON SHARE CAPITAL	290,776,835	265,776,835	290,776,835	265,776,835	
UNREALIZED INCREMENT PER LAND					
APPRAISAL	588,336,843	398,184,271	588,336,843	398,184,271	
UNREALIZED INCREMENT PER PREMISES					
APPRAISAL	193,169,461	199,046,790	193,169,461	199,046,790	
RETAINED EARNINGS					
Appropriated					
Statutory reserve (Note 5.14)	57,500,000	55,500,000	55,500,000	53,500,000	
Other reserve	734,033,000	1,941,133,000	722,033,000	1,929,133,000	
Reserve for dividend equalization	-	709,000,000	-	709,000,000	
Unappropriated (deficit)	(14,261,953,007)	(384,110,167)	(14,495,349,140)	135,954,109	
TOTAL SHAREHOLDERS' EQUITY	(10,598,136,868)	4,009,530,729	(10,845,533,001)	4,515,595,005	
Less Deferred loss from decrease in investment in subsidiary company	-	(232,028,182)	-	-	
Unrealized loss on securities for investment	(374,014,540)	(498,132,101)	(197,091,096)	(470,104,701)	
TOTAL SHAREHOLDERS' EQUITY- NET	(10,972,151,408)	3,279,370,446	(11,042,624,097)	4,045,490,304	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT	64,283,967,876	79,233,344,815	58,682,817,228	71,968,065,601
OFF-BALANCE SHEET ITEMS					
CONTINGENCIES (Note 5.17)					
AVAL TO BILLS AND GUARANTEES OF LOANS	BAHT	4,116,284,315	3,908,719,885	4,115,709,315	3,898,494,550
LIABILITY UNDER UNMATURED IMPORT BILLS	BAHT	779,228,091	947,070,302	779,228,091	947,070,302
LETTERS OF CREDIT	BAHT	309,734,822	1,824,601,854	309,734,822	1,824,601,854
OTHER CONTINGENCIES	BAHT	15,196,689,876	18,194,738,950	15,196,679,876	18,194,738,950

Notes to the financial statements form an integral part of these statements



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT AND LOSS

FOR THE HALF YEAR ENDED JUNE 30.

	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
INTEREST AND DIVIDEND INCOME				
Interest on loans	4,269,787,966	3,952,667,510	3,921,453,903	3,321,741,342
Interest on interbank and money market Items	8,614,548	64,637,381	174,457,931	145,293,968
Interest on government securities and state enterprise securities	42,880,109	137,577,663	9,848,105	120,302,869
Interest on other securities	68,335,518	54,837,299	67,183,173	35,450,828
Total interest and dividend income	4,389,618,141	4,209,719,853	4,172,943,112	3,622,789,007
INTEREST EXPENSES				
Interest on deposits	4,010,194,053	2,718,035,525	3,712,274,206	2,308,919,303
Interest on interbank and money market items	575,744,626	396,269,364	380,404,130	270,306,828
Interest on short-term borrowings	563,703,705	155,350,314	563,703,705	155,350,314
Interest on long-term borrowings	136,800,648	125,275,716	136,800,648	125,275,716
Total interest expenses	5,286,443,032	3,394,930,919	4,793,182,689	2,859,852,161
NET INTEREST AND DIVIDEND INCOME	(896,824,891)	814,788,934	(620,239,577)	762,936,846
BAD DEBT AND DOUBTFUL ACCOUNTS	9,414,642,790	409,746,608	8,536,000,000	103,000,000
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS	(10,311,467,681)	405,042,326	(9,156,239,577)	659,936,846
NON-INTEREST INCOME				
Fees and service income				
Acceptances, aval and guarantees	60,829,142	81,291,383	60,826,091	81,211,817
Others	91,198,047	122,824,900	72,995,403	93,209,944
Gain (loss) on exchange	17,108,296	75,715,014	53,920,296	76,411,753
Gain on sale of investment in securities	-	168,152,679	-	130,528,825
Other income	9,345,937	20,999,448	5,848,236	17,085,086
Total non-interest income	178,481,422	468,983,424	193,590,026	398,447,425



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT AND LOSS (CONTINUED)

FOR THE HALF YEAR ENDED JUNE 30,

	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
NON-INTEREST EXPENSES				
Personnel expenses	318,609,765	445,283,120	292,685,576	394,715,597
Premises and equipment expenses	208,418,461	200,325,332	187,568,257	175,646,052
Taxes and duties	171,200,407	176,798,047	162,618,955	155,839,018
Fees and service expenses	29,775,160	34,470,131	17,346,749	21,504,841
Directors' remuneration	5,467,796	7,910,234	5,182,128	7,130,234
Other administrative expenses	28,663,060	35,638,946	28,483,060	35,638,946
Financial institution development funds expenses	130,520,697	22,785,110	120,119,331	22,785,110
Amortization expenses	235,232,004	20,595,798	235,232,004	20,595,798
Amortization of goodwill	1,036,131,808	47,090,590	-	-
Loss on diminution in value of securities	542,099,547	-	4,523,659,158	-
Loss on sale of investment in securities	47,699,422	-	12,001,401	-
Other expenses	42,416,633	69,946,998	31,476,454	18,419,587
Total non-interest expenses	2,796,234,760	1,060,844,306	5,616,373,073	852,275,183
PROFIT (LOSS) BEFORE INCOME TAX	(12,929,221,019)	(186,818,556)	(14,579,022,624)	206,109,088
INCOME TAX	-	70,676,227	-	70,200,000
PROFIT (LOSS) BEFORE MINORITY INTEREST	(12,929,221,019)	(257,494,783)	(14,579,022,624)	135,909,088
MINORITY INTEREST IN SUBSIDIARY'S NET LOSS	37,755,263	171,045,496	-	-
NET PROFIT (LOSS) BAHT	(12,891,465,756)	(86,449,287)	(14,579,022,624)	135,909,088
NET PROFIT (LOSS) FOR THE HALF YEAR PER SHARE (Note 3.14) BAHT	(71.62)	(1.15)	(81.00)	1.81

Notes to the financial statements form an integral part of these statements



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE HALF YEAR ENDED JUNE 30,

	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
ORDINARY SHARE CAPITAL				
Beginning balance	1,800,000,000	750,000,000	1,800,000,000	750,000,000
Additions	-	-	-	-
Ending balance	1,800,000,000	750,000,000	1,800,000,000	750,000,000
SUBSCRIPTION RECEIVED IN ADVANCE				
BEFORE REGISTRATION				
Beginning balance	-	-	-	-
Additions	-	75,000,000	-	75,000,000
Ending balance	-	75,000,000	-	75,000,000
PREMIUM ON SHARE CAPITAL				
Beginning balance	290,776,835	265,776,835	290,776,835	265,776,835
Additions	-	-	-	-
Ending balance	290,776,835	265,776,835	290,776,835	265,776,835
UNREALIZED INCREMENT PER LAND APPRAISAL				
Beginning balance	398,184,271	398,184,271	398,184,271	398,184,271
Additions	190,152,572	-	190,152,572	-
Ending balance	588,336,843	398,184,271	588,336,843	398,184,271
UNREALIZED INCREMENT PER PREMISES APPRAISAL				
Beginning balance	196,108,126	201,985,455	196,108,126	201,985,455
Deductions-Depreciation of premises appraisal	(2,938,665)	(2,938,665)	(2,938,665)	(2,938,665)
Ending balance	193,169,461	199,046,790	193,169,461	199,046,790
STATUTORY RESERVE				
Beginning balance	57,500,000	53,500,000	55,500,000	51,500,000
Additions	-	2,000,000	-	2,000,000
Ending balance	57,500,000	55,500,000	55,500,000	53,500,000
OTHER RESERVE				
Beginning balance	2,019,033,000	1,872,633,000	2,007,033,000	1,860,633,000
Additions	-	68,500,000	-	68,500,000
Deductions	(1,285,000,000)	-	(1,285,000,000)	-
Ending balance	734,033,000	1,941,133,000	722,033,000	1,929,133,000
RESERVE FOR DIVIDEND EQUALIZATION				
Beginning balance	765,000,000	656,500,000	765,000,000	656,500,000
Additions	-	52,500,000	-	52,500,000
Deductions	(765,000,000)	-	(765,000,000)	-
Ending balance	-	709,000,000	-	709,000,000



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE HALF YEAR ENDED JUNE 30,

	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
UNAPPROPRIATED RETAINED EARNINGS				
Beginning balance-as previously reported	(3,415,047,251)	(165,934,880)	(1,960,886,516)	131,781,021
Deductions-Adjustment for under recorded of Directors' fee (Note 5.16)	(1,170,000)	-	(1,170,000)	-
Beginning balance - After adjustment	(3,416,217,251)	(165,924,880)	(1,962,056,516)	131,781,021
Addition (deductions) for the period				
Net profit (loss)	(12,891,465,756)	(86,449,287)	(14,579,022,624)	135,909,088
Transfer from general reserve	1,285,000,000	-	1,285,000,000	-
Transfer from reserve for dividend equalization	765,000,000	-	765,000,000	-
Deductions				
Legal reserve	-	(2,000,000)	-	(2,000,000)
Other reserve	-	(68,500,000)	-	(68,500,000)
Reserve for dividend equalization	-	(52,500,000)	-	(52,500,000)
Director's fee	(4,270,000)	(8,736,000)	(4,270,000)	(8,736,000)
Ending balance	(14,261,953,007)	(384,110,167)	(14,495,349,140)	135,954,109
DEFERRED LOSS FROM DECREASE IN SUBSIDIARY COMPANIES				
Beginning balance	(219,137,727)	(242,340,545)	-	-
Additions	219,137,727	10,312,363	-	-
Ending balance	-	(232,028,182)	-	-
UNREALIZED LOSS ON DIMINUTION IN VALUE OF SECURITIES HELD FOR INVESTMENT				
Beginning balance	(611,907,857)	(199,739,375)	(566,219,598)	(185,345,989)
Additions	237,893,317	-	369,128,502	-
Deductions	-	(298,392,726)	-	(284,758,712)
Ending balance	(374,014,540)	(498,132,101)	(197,091,096)	(470,104,701)
TOTAL SHAREHOLDERS' EQUITY NET BAHT	(10,972,151,408)	3,279,370,446	(11,042,624,097)	4,045,490,304

Notes to the financial statements form an integral part of these statements



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF RETAINED EARNINGS

FOR THE HALF YEAR ENDED JUNE 30,

	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
UNAPPROPRIATED RETAINED EARNINGS				
Retained earnings (deficit) brought forward from prior year - as previously reported	(3,415,047,251)	(165,924,880)	(1,960,886,516)	131,781,021
Less Adjustment for unrecorded of Director' fee (Note 5.16)	(1,170,000)	-	(1,170,000)	-
Retained earnings (deficit) brought forward from prior year- after adjustment	(3,416,217,251)	(165,924,880)	(1,962,056,516)	131,781,021
Less Appropriation for prior year				
Legal reserve	-	(2,000,000)	-	(2,000,000)
Transfer to other reserve	-	(68,500,000)	-	(68,500,000)
Transfer to reserve for dividend equalization	-	(52,500,000)	-	(52,500,000)
Directors' fee	(4,270,000)	(8,736,000)	(4,270,000)	(8,736,000)
Add Transfer from other reserve	1,285,000,000	-	1,285,000,000	-
Transfer from reserve for dividend equalization	765,000,000	-	765,000,000	-
Net profit (loss) for the period	(12,891,465,756)	(86,449,287)	(14,579,022,624)	135,909,088
Total unappropriated retained earnings (deficit)	(14,261,953,007)	(384,110,167)	(14,495,349,140)	135,954,109
APPROPRIATED RETAINED EARNINGS				
Statutory reserve	57,500,000	55,500,000	55,500,000	53,500,000
Other reserve	734,033,000	1,941,133,000	722,033,000	1,929,133,000
Reserve for dividend equalization	-	709,000,000	-	709,000,000
Total appropriated retained earnings	791,533,000	2,705,633,000	777,533,000	2,691,633,000
TOTAL RETAINED EARNINGS				
(DEFICIT) BAHT	(13,470,420,007)	2,321,522,833	(13,717,816,140)	2,827,587,109

Notes to the financial statements form an integral part of these statements



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE HALF YEAR ENDED JUNE 30,

	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit (loss)	(12,891,465,756)	(86,449,287)	(14,579,022,624)	135,909,088
Items to reconcile net profit to net cash provided by operating activities :				
Depreciation and amortization	322,882,617	117,950,004	315,098,105	111,065,022
Bad debt and doubtful accounts	9,414,642,790	409,746,608	8,536,000,000	103,000,000
(Gain) loss from sales of properties foreclosed	9,152,100	(1,954,083)	(105,270)	(1,954,083)
(Gain) loss from sales of assets	(108,565)	(8,687,303)	(647,063)	(8,687,303)
Loss on exchange rate	(161,687,125)	34,328,091	(161,687,125)	34,328,091
Increase (decrease) in interest income and dividend receivable	(760,409,831)	(388,835,222)	(669,847,339)	(320,059,235)
Increase (decrease) in accrued income - others	(301)	(20,884,435)	(301)	(23,044,110)
Increase in accrued Interest payable	228,994,283	15,124,652	154,100,291	17,248,123
Increase (decrease) in accrued Expenses-others	(34,469,889)	14,087,807	(21,435,868)	16,365,774
Provision for diminution in value of Properties foreclosed	-	3,084,000	-	-
Provision for diminution in value of Assets	-	17,010,271	-	-
(Gain) on deminution in value Of securities reversal	-	(35,614,120)	-	-
Loss from sale of investment	12,001,401	-	12,001,401	-
Loss from capital decrease in Securities investment	542,099,547	10,312,364	4,523,659,158	-
Minority interest in subsidiaries' net loss	(37,755,263)	(171,045,496)	-	-
Income from operation before changes in operating assets and liabilities	(3,356,123,992)	(91,826,149)	(1,891,886,635)	64,171,367
Operating assets (increase) decrease				
Deposits, loans with interbank and money market items	2,368,933,226	(5,548,160,711)	3,143,785,294	(6,318,821,491)
Securities purchased under resale agreement	(600,000,000)	5,000,000	(600,000,000)	-
Investment in securities for sale	38,576,878	467,360,219	-	-
Accounts with securities companies	15,902,571	(12,101,122)	-	-
Properties foreclosed	(105,702,160)	(85,552,394)	(35,194,386)	(71,282,669)
Other assets	(60,631,976)	175,545,007	(241,102,682)	14,245,260



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE HALF YEAR ENDED JUNE 30.

	CONSOLIDATED		COST METHOD	
	1998	1997	1998	1997
Operating liabilities increase (decrease)				
Deposits, loans with interbank and money market items	377,415,095	3,439,499,577	(411,167,229)	7,553,545,017
Negotiable certificates of deposit	1,611,689,767	2,833,819,318	2,674,200,000	410,000,000
Liabilities payable on demand	(32,798,888)	10,488,181	(32,798,888)	10,488,180
Securities sold under repurchase agreements	(2,214,432,973)	(488,982,904)	(2,204,432,973)	(497,000,000)
Accounts with securities companies	(3,035)	239,972	-	-
Customer accounts	(13,389,051)	15,220,424	-	-
Other liabilities	(339,794,446)	181,088,747	(286,774,015)	(51,427,595)
Directors' fee	(5,440,000)	(8,736,000)	(5,440,000)	(8,736,000)
Net cash provided by (used in) operating activities	(2,315,798,984)	892,902,165	109,188,486	1,105,182,069
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in securities for investment	2,211,566,262	(299,211,887)	(174,242,400)	(310,496,136)
Cash paid for purchasing of premises and equipment	(70,977,126)	(142,741,461)	(72,490,336)	(123,825,813)
Net cash provided by (used in) investing activities	2,140,589,136	(441,953,348)	(246,732,736)	(434,321,949)
CASH FLOWS FROM FINANCING ACTIVITIES				
Minority interest	37,755,263	219,983,446	-	-
Cash receivable from share capital	-	75,000,000	-	75,000,000
Net cash provided by (used in) financing activities	37,755,263	294,983,446	-	75,000,000
Net increase (decrease) in cash and cash equivalents	(137,454,585)	745,932,263	(137,544,250)	745,860,120
Cash and cash equivalents as at January 1,	782,391,978	982,554,271	782,320,045	982,507,007
Cash and cash equivalents as at June 30,	BAHT			
	644,937,393	1,728,486,534	644,775,795	1,728,367,127

Notes to the financial statements form an integral part of these statements



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 1998 AND 1997

1. ECONOMIC TURMOIL AND REGULATORY CONDITIONS

1.1 Economic Turmoil and regulatory requirements

Many Asia Pacific countries, including Thailand, are experiencing severe economic difficulties relating to currency devaluations, volatile stock markets and contractions in their economies. Thailand's unstable economy has affected and is anticipated to continue to affect the operations and recoverability of assets and maintenance of liabilities of the commercial banking system, and the Bank, with probable future increases in the Banks' non-performing loans.

These continuing and increasing difficulties have caused the Thai government regulators to take actions to try to increase liquidity and viability to the banking system, but the Bank has been unable to meet certain capital requirements of the Bank of Thailand. The Bank of Thailand, on August 14, 1998, ordered the Bank to reduce the existing capital and raise the new capital to comply with such capital adequacy requirements and also ordered the change of the Bank's Board of Directors, thus the management's representation letter has not been issued as a result. In addition, according to the joint announcement between the Ministry of Finance and the Bank of Thailand dated August 14, 1998, the Bank will be merged with Krung Thai Thanakit Finance and Securities Public Company Limited of which the merger plan will be completed within December 31, 1998. (see Notes 5.13 and 7) Thus, the consolidated financial statements and the Bank's financial statements by the cost method for the half year ended June 30, 1998 have been prepared assuming the Bank will continue as a going concern and be able to realize its assets and liquidate its liabilities in the normal course of business.

1.2 Allowance for Doubtful Accounts Requirement

On March 31, 1998, the Bank of Thailand announced new guidelines regarding the modification of the basic for non-accrual of interest income, classification of loans, allowances for classified loans and other related measures effective in phases commencing as from July 1, 1998 with new allowance for doubtful accounts being required to be added on a pro rata basis semi-annually through December 31, 2000. The new guidelines require banks to categorize their loan portfolios into five categories subject to different levels of provisioning. The guidelines also set new interest accrual and reversal policies and set maximum collateral valuation limits for the purpose of setting allowance for doubtful accounts. The new guidelines also impose requirements upon banks related to regular qualitative reviews of their loans and all commitments, including off balance sheet exposures, and to put in place appropriate risk management systems and controls.

1.3 Regulatory requirements

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated in accordance with regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgement by the Bank of Thailand about components, risk weightings, and other factors.

As at June 30, 1998, the Bank has been unable to meet certain capital requirements of the Bank of Thailand. Therefore the Bank of Thailand, on August 14, 1998 ordered the Bank to reduce existing capital and raise new capital to provide the Bank to meet the capital adequacy ratio. (see Note 5.13)

2. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE BANK'S FINANCIAL STATEMENTS

- 2.1 The consolidated financial statements and the Bank's financial statements for the half year ended June 30, 1998 and 1997 are presented in accordance with the requirements of the Ministerial Regulation No. 7 B.E. 2539 (1996) under the Public Companies Act B.E. 2535 (1992) dated October 25, 1996, regarding the form of the balance sheet and profit and loss statement for public limited companies, effective as from the accounting period starting on January 1, 1997. The financial statements of the Bank account for its investment in subsidiary and associated companies by the cost method (see Note 5.4.3), and are accordance with the Procedures, Policy and Notifications of The Bank of Thailand relating to the financial statements of commercial banks.



- 2.2 The consolidated financial statements and the Bank's financial statements include the account of all branches of the Bank.
- 2.3 The consolidated financial statements include the accounts of the Vajiradhanathun Finance Company Limited, in which the Bank holds 99.05% and 62.36% as at June 30, 1998 and 1997, respectively, and all significant intercompany transactions and balances are eliminated.

In addition, as at June 30, 1998 and 1997, the consolidated financial statements also include the account balances of Vajira Securities Company Limited where share capital is 99.99% held by Vajiradhanathun Finance Company Limited.

- 2.4 The consolidated financial statements for the half year ended June 30, 1998 and 1997 exclude the accounts of 17 subsidiary companies which are more than 50 percent owned by the Bank and are carried at cost. They are considered immaterial to the financial position and different in operations to the Bank. The financial position and result of the operation of one subsidiary is material and summarized in Note 5.4.5 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash on collection.

In the statement of cash flows, cash and deposits at banks used as collateral are not included in cash and cash equivalents but are presented as part of other assets.

3.2 Foreign currencies

Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities in foreign currencies and forward exchange contracts at the end of the period are converted at the average rates, as determined by the Notification of the Bank of Thailand.

Gains and losses from foreign exchange transactions, and translation gains or losses are taken up in the profit and loss statement.

Gains and losses on forward exchange contracts for the half year ended June 30, 1998 are realized over the period of contract. For the half year ended June 30, 1997 gains and losses are realized on their due dates. (see Note 3.16)

The Bank extends import and export credits, and helps customers to minimize risks on the fluctuation of exchange rates but does not speculate in trading of foreign currencies. The bank is aware of risks from foreign interest rates which may occur from mismatching of liabilities and assets, therefore, the Bank has determined the matching limit (amount), time and rates of interest for assets and liabilities in order to minimize the risk from foreign exchange position and interest rate fluctuation.

3.3 Investment in securities

3.3.1 Investment in securities are stated at the lower of aggregate cost or market, except as stated in Note 3.3.2.

Market values of securities are calculated on the following bases :

3.3.1.1 For government securities and securities guaranteed by the Government, market values are calculated by using the Bank of Thailand formula, based on the risk free yield curve of a bank. For government bonds and state enterprise bonds without guarantee, the calculation is based on the aforementioned yield curve adjusted by appropriate risk premium.

3.3.1.2 For private sector's debt instruments and equity securities which are listed securities and securities in Bangkok Stock Dealing Center, market values are the closing prices at The Stock Exchange of Thailand and Bangkok Stock Dealing Center respectively, on the last business day of the period.

3.3.1.3 For private sector's debt instruments which are non-listed securities, the last closing prices of the Thai Bonds Dealing Centre are used as market values. In the absence of such prices, market values are determined by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the Bank of Thailand.



3.3.1.4 For investment units which are non-listed securities, market values are the net assets value according to the report of the Association of Securities Companies on the last business day of the period.

3.3.2 Equity securities which are non-listed securities in local and foreign countries are stated at cost, except in the case where a permanent decline in value is deemed to have occurred.

3.3.3 Where the investment is stated at the lower of cost or market value, and the aggregate market value is lower than aggregate cost, in the case of securities held for trading, the resultant loss is recognized in the profit and loss statement, and in the case of securities held for investment, such a loss is shown as a deduction from the shareholders' equity for a temporary decline in market value, and charged to the profit and loss statement for a permanent decline in market value.

3.3.4 Cost of securities sold during the year is calculated by the moving weighted average method.

3.4 Overdrafts are stated at the drawn amounts including interest; loans and bills receivable are stated at the principal amounts.

3.5 Allowance for doubtful accounts

The provision for loan losses is determined in accordance with the requirements of the Notification of the Bank of Thailand and based on the analysis of outstanding loans according to the Bank's experience in assessing the risks involved and the value of collateral for the loans, and also after consideration of the results of classification of debts as prepared by the Bank of Thailand. However, if future economic and business conditions differ substantially from the assumptions used by the Bank in making such assessment, the Bank and the subsidiary company may need to make additional allowance as appropriate.

The Bank of Thailand has set guidelines for establishing a minimum level of allowance for doubtful accounts, which is primarily determined by applying specified percentages to the differing classifications of loans. The period that a loan is past due is the principle criteria utilized in classifying a loan, with the appraised value of collateral being considered in some circumstances. Continued economic turmoil in Thailand and the Asia Pacific region would cause further deterioration in payment history and value of collateral with the resulting increase in loans being classified as non-performing. The guidelines for establishing the minimum level of allowance for doubtful accounts have periodically changed and for the half year ended June 30, 1998 the bank has fully implemented its allowance according to the new guidelines (see Note 1.2).

As at June 30, 1998, the subsidiary company have made allowance for doubtful accounts in regard to loans and receivables which were classified as doubtful or substandard by the Bank of Thailand. The allowance for bad and doubtful accounts has been made in full, and for substandard loans is to be made at 20% for the financial institution. These allowance are in accordance with the requirements of the Notification of the Bank of Thailand dated November 12, 1997 regarding official guidelines and policies in improving the standards of financial institution supervision.

As at June 30, 1997, the Bank and the subsidiary company have made allowance for doubtful accounts in regard to loans and receivables which were classified as doubtful or substandard by the Bank of Thailand. The allowance for bad and doubtful accounts has been made in full, and for substandard loans is to be made at 15 % for the Bank and 20% for the financial institution within 1998, but not less than 50% as provision in the second half 1997 and not less than 75% in the first half 1998.

The increase in allowance for possible loan losses is recorded as an expense for the year.

Bad debts recovered are recorded as an increase in the allowance for doubtful accounts.

Bad debts written off are recorded as a charge to the allowance for doubtful accounts.

The loan is classified as non-performing loan by account instead of by customer. Consequently, if one account is classified as non-performing loan, other accounts of the same customer may not be classified as such as long as they still have good payment history. In addition, delinquent period of the loan is calculated from the first maturity date with no payment, not from the loan origination date or the last payment date.



3.6 Properties foreclosed

Properties foreclosed are immovable properties which are stated at the lower of cost or market value at the date of acquisition.

Gain or losses on such properties are recognized at the date of disposal.

3.7 Property, premises and equipment are stated at cost. Lease is stated at cost less accumulated amortization within the lease period.

In 1993, land were appraised by using appraisal value of Land department and premises were professionally appraised according to guidelines laid down by the Bank of Thailand. The increments resulting from the appraisal, approved by the Bank of Thailand was recorded in the accounts as unrealized increment per land appraisal and per premises appraisal and shown as shareholders' equity.

For the half year ended June 30, 1998, land were appraised by using appraisal value of Land department according to guidelines laid down by the Bank of Thailand. The increments resulting from the appraisal was recorded in the accounts as unrealized increment per land appraisal amounting to Baht 190,152,572 and shown as shareholders' equity.

Depreciation for the premises appraisal increase is deducted from unrealized increment per premises appraisal account.

Depreciation and amortization are calculated by the straight-line method, based on the estimated useful lives of the assets and the lease periods.

Premises	20 - 40	years
Equipment	5 - 10	years
Leasehold	3 - 30	years

3.8 Goodwill

The net excess of cost over book value of investment in subsidiary in the consolidated financial statements is recognized as goodwill and is amortized by the straight line method over 10 years.

For the half year ended June 30, 1998 the Bank has written off goodwill of a subsidiary company of approximately Baht 1,036 million, which was previously amortized over 10 years as expense in 1998 because the Bank of Thailand, on August 13, 1998 ordered such subsidiary company to reduce existing shareholders' equity and raise new capital.

3.9 Staff leaving gratuity

The Bank has a staff leaving gratuity plan for its employees who have completed ten years' service and leaving employment on specified causes, based on the length of service and the last salary paid. Such gratuities are expensed in the period in which they are paid.

A subsidiary company has a funded provident fund plan for its employees payable upon their leaving. The fund is partly contributed by the Company and partly by the employees and is based on monthly salary and length of service. The provident fund has been registered in accordance with the Provident Fund Act B.E. 2530 (1987).

3.10 Recognition of revenues

The Bank and the subsidiary companies recognize, interest and discounts on loans as income on an accrual basis, except for interest on fixed loans which are accrued over 6 months and discounts received in advance relating to promissory notes which are recognized when received.

Interest income from investment is recognized on an accrual basis and dividend income is recognized on a cash basis.

A subsidiary company records revenues from hire-purchase as deferred income.

Hire-purchase of movable properties are calculated on the hire-purchase installments which are recognized by the "REBATE" method. From July 1, 1996, hire-purchase installments are recognized by sum-of-the-years digits method.

3.11 Recognition of interest expense

The Bank and the subsidiary companies recognizes interest expense on an accrual basis.



3.12 Contributions to the Financial Institution Development Fund
Contributions to the Financial Institution Development Fund are recorded as expenses for the period.

3.13 Income tax
Income tax payable is recorded as an expense for the period.

3.14 Net profit (loss) per share
Net profit (loss) per share is computed on the basis of number of outstanding ordinary shares at the balance sheet date.

In case of a capital increase, the number of shares are weighted according to time of registration of capital increase.

3.15 Use of accounting estimates
Preparation of financial statements in conformity with generally accepted accounting principles requires the Bank to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

3.16 Change in accounting policy
For the half year ended June 30, 1998, the accounting procedure for forward exchange contracts to realize profit or loss on their due dates has been changed to realize profit or loss over the period of the contracts. The change in accounting policy has no material effect on the financial statements. (see Note 3.2)

3.17 Certain reclassifications have been made to financial statements for the half year ended June 30, 1997 to conform to the classifications used in the financial statements for the half year ended June 30, 1998.

4. CHANGE IN ACCOUNTING ESTIMATE

For the half year ended June 30, 1998, the Bank and subsidiary company have accrued interest on all debts except for those which are uncollected after a period of 6 months. This is in accordance with the instructions of Bank of Thailand dated November 12, 1997.

In the prior period, interest was accrued for all debts except for those which are uncollected after a period of 6 months. Where the collateral was adequate the Bank could accrue interest for up to 12 months. For the half year ended June 30, 1998, the information related to the effect of the change is not available.

As discussed in Notes 1.2 and 3.5, the Bank has fully provided allowance for doubtful accounts in accordance with new Bank of Thailand guidelines announced on March 31, 1998. Where as at June 30, 1997 the allowance for doubtful accounts was provided in accordance with the guidelines of the Bank of Thailand in effect at that time. The effect of this change has not been determined.

5. ADDITIONAL INFORMATION

5.1 Supplemental disclosures of cash flow information

5.1.1 Cash paid for interest and income tax is as follows :

		CONSOLIDATED		COST METHOD	
		June 30,		June 30,	
		1998	1997	1998	1997
Interest	Baht	5,232,906,482	3,486,350,930	4,639,082,398	2,842,604,038
Income tax	Baht	-	54,282,289	-	54,282,241

5.1.2 Non-cash transactions

As at June 30, 1998, in the consolidated financial statements and the Bank's financial statements, there is an increase in allowance for diminution in value of securities for investment of Baht 237,893,317 and Baht 369,128,502, respectively, from the balance at December 31, 1997, the unrealized loss is shown as a deduction from shareholders' equity.

As at June 30, 1997, in the consolidated financial statements and the Bank's financial statements, there is a decrease in allowance for diminution in value of securities for investment of Baht 298,392,726 and Baht 284,758,712, respectively, from the balance at December 31, 1996, the unrealized loss is shown as a deduction from shareholders' equity.



5.2 Interbank and money market items

5.2.1 Interbank and money market as at June 30, 1998 are as follows :

	CONSOLIDATED			COST METHOD			
	Demand	Time	Total	Demand	Time	Total	
Domestic items							
Bank of Thailand	407,118,686	-	407,118,686	407,118,686	-	407,118,686	
Commercial banks	92,919,606	133,118,517	226,038,123	39,553,258	133,283,529	172,836,787	
Other banks	706,644	-	706,644	706,644	-	706,644	
Finance companies,							
Finance and securities							
Companies, Securities							
Companies and Credit							
Foncier companies	1,023,390,064	851,663,865	1,875,053,929	1,196,870,686	1,203,931,263	2,400,801,949	
Other financial institution	82,101,532	138,803,566	220,905,098	82,101,532	-	82,101,532	
Total domestic items	1,606,236,532	1,123,585,948	2,729,822,480	1,726,350,806	1,337,214,792	3,063,565,598	
Foreign items							
USD	1,623,440,691	476,313,068	2,099,753,759	1,623,440,691	476,313,068	2,099,753,759	
YEN	48,076,080	-	48,076,080	48,076,080	-	48,076,080	
DM	3,391,044	-	3,391,044	3,391,044	-	3,391,044	
Others	62,373,130	-	62,373,130	62,373,130	-	62,373,130	
Total foreign items	1,737,280,945	476,313,068	2,213,594,013	1,737,280,945	476,313,068	2,213,594,013	
Total domestic and foreign items							
	Baht						
		3,343,517,477	1,599,899,016	4,943,416,493	3,463,631,751	1,813,527,860	5,277,159,611

5.2.2 Interbank and money market as at June 30, 1997 are as follows :

	CONSOLIDATED			COST METHOD			
	Demand	Time	Total	Demand	Time	Total	
Domestic items							
Bank of Thailand	902,897,198	2,540,000	905,237,198	901,786,921	2,540,000	904,326,921	
Commercial banks	50,612,799	502,650,000	553,262,799	49,218,947	502,650,000	551,868,947	
Other banks	1,713,999	4,600,000	6,313,999	1,713,999	-	1,713,999	
Finance companies,							
Finance and securities							
companies, Securities							
companies and Credit							
Foncier companies	870,000,000	1,977,491,612	2,847,491,612	870,000,000	1,977,491,612	2,847,491,612	
Other financial institution	-	47,672,168	47,672,168	-	47,672,168	47,672,168	
Total domestic items	1,825,023,996	2,534,953,780	4,359,977,776	1,822,719,867	2,530,353,780	4,353,073,647	
Foreign items							
USD	698,414,597	257,900,000	956,314,597	698,414,597	257,900,000	956,314,597	
YEN	15,462,141	-	15,462,141	15,462,141	-	15,462,141	
DM	28,775,438	-	28,775,438	28,775,438	-	28,775,438	
Others	63,358,330	-	63,358,330	63,358,330	-	63,358,330	
Total foreign items	806,010,506	257,900,000	1,063,910,506	806,010,506	257,900,000	1,063,910,506	
Total domestic and foreign items							
	Baht						
		2,631,034,502	2,792,853,780	5,423,888,282	2,628,730,373	2,788,253,780	5,416,984,153

As at June 30, 1998, the Bank and the subsidiary companies have loans to financial institutions which were closed down by the order of the Ministry of Finance on December 8, 1997, in the consolidated financial statements and the Bank's financial statements as at June 30, 1998, amounting to Baht 1,934,969,896 and Baht 1,808,386,273, respectively. The Bank and the subsidiary companies have applied for exchange of these loans into NCDs of Krung Thai Bank Public Company Limited, amounting to Baht 1,685,473,783 and Baht 1,659,305,569 respectively, such NCDs bear interest at 2% p.a., and is now awaiting a decision from the Financial Sector Restructuring Authority. The Bank and the subsidiary companies have made an allowance for the related doubtful accounts for the different amount of Baht 249,496,113 and Baht 149,080,704, respectively, in the caption of loans and accrued interest receivables.



5.3 Securities purchased under resale agreements

Securities purchased under resale agreements classified by type of securities and the related repurchase market are as follows :

June 30, 1998

		CONSOLIDATED Repurchase Market at Bank of Thailand	COST METHOD Repurchase Market at Bank of Thailand
Financial Institution Development Fund Bonds		600,000,000	600,000,000
Total	Baht	600,000,000	600,000,000

June 30, 1997

		CONSOLIDATED Repurchase Market at Bank of Thailand	COST METHOD Repurchase Market at Bank of Thailand
Government Enterprise Bonds		90,000,000	-
Total	Baht	90,000,000	-

5.4 Investments in securities

Investments in securities are as follows :

5.4.1 Securities for trade

June 30, 1998

	CONSOLIDATED		COST METHOD	
	Cost	Market Value	Cost	Market Value
Debt instruments				
Corporate debt instruments	369,982,646	14,865,900	-	-
<u>Less</u> Allowance for diminution in value of securities	(355,116,746)	-	-	-
Debt instruments - net	14,865,900	14,865,900	-	-
Equities				
Listed securities	61,991,381	17,691,769	-	-
Securities in Bangkok Stock Dealing Center	885,354	955,000	-	-
Total	62,876,735	18,646,769	-	-
<u>Less</u> Allowance for diminution in value of securities	(44,229,966)	-	-	-
Equities - net	18,646,769	18,646,769	-	-
Total securities for trade - net	33,512,669	33,512,669	-	-

June 30, 1997

	CONSOLIDATED		COST METHOD	
	Cost	Market Value	Cost	Market Value
Debt instruments				
Corporate debt instruments	79,982,647	53,501,300	-	-
<u>Less</u> Allowance for diminution in value of securities	(26,481,347)	-	-	-
Debt instruments - net	53,501,300	53,501,300	-	-
Equities				
Listed securities	91,381,141	24,682,280	-	-
Securities in Bangkok Stock securities Dealing Center	880,582	710,000	-	-
Foreign securities	7,925,242	5,384,952	-	-
Total	100,186,965	30,777,232	-	-
<u>Less</u> Allowance for diminution in value of securities	(69,409,733)	-	-	-
Equities - net	30,777,232	30,777,232	-	-
Total securities for trade - net	84,278,532	84,278,532	-	-



5.4.2 Securities for investment
June 30, 1998

	CONSOLIDATED		COST METHOD	
	Cost	Market Value	Cost	Market Value
Debt instruments				
Government and state enterprise securities	530,012,000	461,239,117	114,012,000	113,867,117
Corporate debt instruments	137,834,774	26,508,234	877,834,774	26,508,234
Total	667,846,774	487,747,351	991,846,774	140,375,351
<u>Less</u> Allowance for diminution in value of securities	(180,099,423)	-	(851,471,423)	-
Debt instruments - net	487,747,351	487,747,351	140,375,351	140,375,351
Equities				
Listed securities	279,940,263	77,502,352	279,940,263	77,502,352
Foreign securities	3,608,159	8,514,897	3,608,159	8,514,897
Other securities	854,889,314	289,127,850	3,922,112,626	258,638,515
Total	1,138,437,736	375,145,099	4,205,661,048	344,655,764
<u>Less</u> Allowance for diminution in value of securities	(763,292,637)	-	(3,861,005,284)	-
Equities - net	375,145,099	375,145,099	344,655,764	344,655,764
Total securities for investment	862,892,450	862,892,450	485,031,115	485,031,115
Total investment in securities				
	Baht	896,405,119	896,405,119	485,031,115

June 30, 1997

	CONSOLIDATED		COST METHOD	
	Cost	Market Value	Cost	Market Value
Debt instruments				
Government and state enterprise securities	3,078,940,525	2,867,808,965	2,649,940,525	2,481,862,565
Corporate debt instruments	757,233,410	754,414,884	647,233,410	646,307,125
Total	3,836,173,935	3,622,223,849	3,297,173,935	3,128,169,690
<u>Less</u> Allowance for diminution in value of securities	(213,950,086)	-	(169,004,245)	-
Debt instruments - net	3,622,223,849	3,622,223,849	3,128,169,690	3,128,169,690
Equities				
Listed securities	446,722,795	184,225,640	446,722,795	184,225,640
Foreign securities	3,608,159	3,608,159	3,608,159	3,608,159
Other securities	568,770,645	522,837,991	1,660,611,506	1,622,008,205
Total	1,019,101,599	710,671,790	2,110,942,460	1,809,842,004
<u>Less</u> Allowance for diminution in value of securities	(308,429,809)	-	(301,100,456)	-
Equities - net	710,671,790	710,671,790	1,809,842,004	1,809,842,004
Total securities for investment	4,332,895,639	4,332,895,639	4,938,011,694	4,938,011,694
Total investment in securities				
	Baht	4,417,174,171	4,417,174,171	4,938,011,694

5.4.3 Securities for investment, in which the Bank and the subsidiary company holds more than 20% of the paid-up capital in the consolidated and in the Bank's financial statement by cost method are presented by percentage of beneficial ownership and amount of investments as follows :

June 30, 1998

	Ownership	Consolidated	Ownership	Cost method
Called and fully paid-up				
1. Vajiradhanathun Finance Company Limited	99.05%	-	99.05%	3,133,094,929
2. Vajiradhanasin Insurance Company Limited	100.00%	430,741,922	92.00%	398,741,922
3. P.C. Pattanasub Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
4. R.S. Sahakij Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
5. L.K. Business Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000



	Ownership	Consolidated	Ownership	Cost method
6. S.S. Subtavee Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
7. S.C. Settakarn Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
8. One Asset Management Limited	25.00%	25,000,000	25.00%	25,000,000
9. Sahasin Leasing Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
25.00% called and paid-up				
10. Rungrueng Sahakarn Co., Ltd.	100.00%	250,000	100.00%	250,000
11. Sahasup Dhamrong Co., Ltd.	100.00%	250,000	100.00%	250,000
12. R.S. Sahamongkol Co., Ltd.	100.00%	250,000	100.00%	250,000
13. P.C. Sahapatara Co., Ltd.	100.00%	250,000	100.00%	250,000
14. P.S. Sahapol Co., Ltd.	100.00%	250,000	100.00%	250,000
15. L.A. Union Co., Ltd.	100.00%	250,000	100.00%	250,000
16. S.C. Sahakij Co., Ltd.	100.00%	250,000	100.00%	250,000
17. Panichsahakij Co., Ltd.	100.00%	250,000	100.00%	250,000
18. L.K. Settakarn Co., Ltd.	100.00%	250,000	100.00%	250,000
19. Sahadhanabodee Co., Ltd.	100.00%	250,000	100.00%	250,000
		464,241,922		3,565,336,851
Less Allowance for diminution in value of securities		(349,016,400)		(3,452,229,611)
Baht		115,225,522		113,107,240

Allowance for diminution in value of securities in companies No. 1-7 are recorded for the period ended June 30, 1998.

June 30, 1997

	Ownership	Consolidated	Ownership	Cost method
Called and fully paid-up				
1. Vajiradhanathun Finance Company Limited	62.36%	-	62.36%	871,920,801
2. Vajiradhanasin Insurance Company Limited	100.00%	430,741,922	92.00%	398,741,922
3. P.C. Pattanasub Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
4. R.S. Sahakij Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
5. L.K. Business Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
6. S.S. Subtavee Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
7. S.C. Settakarn Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
8. One Asset Management Limited	25.00%	25,000,000	25.00%	25,000,000
9. Sahasin Leasing Co., Ltd.	100.00%	1,000,000	100.00%	1,000,000
25.00% called and paid-up				
10. Rungrueng Sahakarn Co., Ltd.	100.00%	250,000	100.00%	250,000
11. Sahasup Dhamrong Co., Ltd.	100.00%	250,000	100.00%	250,000
12. R.S. Sahamongkol Co., Ltd.	100.00%	250,000	100.00%	250,000
13. P.C. Sahapatara Co., Ltd.	100.00%	250,000	100.00%	250,000
14. P.S. Sahapol Co., Ltd.	100.00%	250,000	100.00%	250,000
15. L.A. Union Co., Ltd.	100.00%	250,000	100.00%	250,000
16. S.C. Sahakij Co., Ltd.	100.00%	250,000	100.00%	250,000
17. Panichsahakij Co., Ltd.	100.00%	250,000	100.00%	250,000
18. L.K. Settakarn Co., Ltd.	100.00%	250,000	100.00%	250,000
19. Sahadhanabodee Co., Ltd.	100.00%	250,000	100.00%	250,000
Baht		464,241,922		1,304,162,723

Investment in subsidiary and associated companies are stated at cost, in accordance with procedures and conditions specified in the Notification of the Bank of Thailand No. TorPorTor. NorWor. (Wor) 370/2538 for presentation of investment in subsidiary and associated companies dated February 15, 1995.

As at June 30, 1997, the investment in Vajiradhanathun Finance Company Limited in the Bank's financial statements includes loss from a capital decrease amounting to Baht 232,028,182. The Bank was allowed by the Bank of Thailand to amortise such decrease in the increasing annual proportion by the sum-of-the-years-digits method over 10 years as determined by the Bank of Thailand. In the consolidated financial statements the loss from capital decrease was shown as a deduction from the shareholders' equity. Due to the Bank of Thailand's order on August 13, 1998, which ordered Vajiradhanathun Finance Company Limited to reduce existing capital and raise new capital, as of June 30, 1998 therefore, the Bank has written off the total loss



from capital decrease and recognized the loss from its investment in Vajiradhanathun Finance Company Limited, amounting to Baht 3,131,559,611. This resulted in such investment being reduced to Baht 1,535,318.

Had all such investment been presented by the equity method, the effects on the financial statements would be as follows :

	CONSOLIDATED		COST METHOD	
	Baht		Baht	
	June 30,		June 30,	
	1998	1997	1998	1997
Increase (decrease) in				
Other securities	(31,383,061)	(13,339,148)	(202,013,072)	(489,818,424)
Increase (decrease) in Retained				
earnings (deficit) brought forward	(21,659,102)	28,174,341	(1,475,819,837)	(225,946,559)
Increase (decrease) in net				
profit (loss) for the half year	(9,723,959)	(41,513,489)	1,677,832,909	(263,871,865)
Increase (decrease) in net				
profit (loss) for the half year per share	(0.05)	(0.55)	9.32	(3.52)

5.4.4 Securities for investment, of which the Bank holds less than 20% of the paid-up capital in each company, classified according to industrial groups are as follows :

	CONSOLIDATED		COST METHOD	
	June 30,		June 30,	
	1998	1997	1998	1997
Manufacturing	142,494,827	142,209,547	141,294,827	141,009,547
Banking and finance	22,077,443	265,940,530	9,507,113	239,162,200
Services	54,484,009	41,207,791	47,234,009	33,957,790
Others	455,139,535	405,501,809	442,288,248	392,650,200
	674,195,814	854,859,677	640,324,197	806,779,737
<u>Less</u> Allowance for diminution				
in value of securities	(414,276,237)	(308,429,809)	(408,775,673)	(301,100,456)
Baht	259,919,577	546,429,868	231,548,524	505,679,281

The Bank has investments in the company which have certain problems as defined in the Guideline of SEC dated July 8, 1998 regarding the Quality of Assets and Related Parties Transactions in financial position and result of operations as at June 30, 1998 as follows :

The Bank has investments in the companies which have been under delisting criteria by the SEC representing ordinary shares in two of such companies, the cost of which was Baht 1,920,780, and the market value Baht 8,020. The Company has set up an allowance for diminution in value of such investments in the amount of Baht 1,912,000.

The Bank has investment amounting to Baht 8,274,000 in the financial institutions which were taken under control and order to decrease and increase the share capital by the order of the Bank of Thailand on May 18, 1998. Such investment has been written off amounting to Baht 8,273,547 as at June 30, 1998. Such investment has remaining value of Baht 453.

The Bank has investments in finance companies which have had their operations closed down by the Ministry of Finance on December 8, 1997. The Bank has written off such investment in the finance companies resulting in the remaining value of capital stock as at June 30, 1998 amounting to Baht 6,610 and stock rights and warrants amounting to Baht 333. For debenture of Baht 28 million, the Bank has applied for exchange of NCD's of Krung Thai Bank Public Company Limited, such NCD's bear interest at 2% p.a. and now awaiting a decision from the Financial Sector Restructuring Authority.

5.4.5 Information about financial position and result of the operation of a subsidiary company that is material and that bank held more than 50% of its shares for the half year ended June 30, 1998 and 1997 (unaudited), is as follows :



VAJIRADHANASIN INSURANCE COMPANY LIMITED

BALANCE SHEET

AS AT JUNE 30,

"UNAUDITED"

ASSETS		1998	1997
CURRENT ASSETS			
Cash in hand and at bank		131,456,174	72,017,438
Short-term investment		20,544,741	113,988,465
Premium due and uncollected - net		83,151,149	85,178,932
Due from reinsurers		781,435	3,804,923
Receivable and advance - net		10,308,595	7,745,569
Other current assets		4,188,547	10,134,368
Total current assets		250,430,641	292,869,695
INVESTMENT			
Listed securities		14,000,000	-
Stocks		417,500	10,686,190
Listed securities		132,500	132,500
Stock rights, warrants and options		6,994,712	-
Total Investment - net		21,544,712	10,818,690
Equipment-net		10,093,079	12,145,934
Other assets		2,888,229	2,892,829
TOTAL ASSETS	BAHT	284,956,661	318,727,148
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank overdrafts		1,894,057	1,442,660
Outstanding claims : non-life insurance		70,423,912	73,415,194
Due to reinsures		1,594,915	4,782,306
Allowance for risk		102,956,081	104,836,351
Amount withheld on reinsurance treaties		2,591,432	2,736,901
Commission payable		13,288,690	17,357,835
Other current liabilities		10,816,352	17,299,270
Total current liabilities		203,565,439	221,870,517
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
2,000,000 ordinary shares of Baht 100.00 each		200,000,000	200,000,000
Issued and paid-up capital			
2,000,000 ordinary shares of Baht 100.00 each, fully paid		200,000,000	200,000,000
RETAINED EARNINGS			
Unappropriated (deficit)		(102,137,300)	(103,143,369)
TOTAL SHAREHOLDERS' EQUITY		97,862,700	96,856,631
LESS UNREALIZED LOSS ON SECURITIES FOR INVESTMENT		(16,471,478)	-
TOTAL SHAREHOLDERS' EQUITY-NET		81,391,222	96,856,631
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT	284,956,661	318,727,148



VAJIRADHANASIN INSURANCE COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS AND RETAINED EARNINGS

FOR THE HALF YEAR ENDED JUNE 30,

"UNAUDITED"

	1998	1997
UNDERWRITING INCOME		
Premium written	126,103,788	134,379,389
<u>Less</u> Premium ceded and refunded	(6,972,523)	(8,988,052)
Net premium written	119,131,265	125,391,337
UNDERWRITING EXPENSES		
Unearned premium reserve increase from previous year	4,850,627	12,405,899
Losses incurred	73,499,679	74,229,437
Commissions and brokerages	14,571,284	14,914,255
Loss adjustment expenses	1,217,158	1,394,539
Representative office expenses	7,854,273	5,203,360
Total underwriting expenses	101,993,021	108,147,490
INCOME ON UNDERWRITING	17,138,244	17,243,847
INCOME ON INVESTMENT		
Interest and dividends	10,260,562	11,996,740
Loss appraisal in securities	(362,959)	(738,549)
Other income	1,356,326	722,245
Total income on investment	11,253,929	11,980,436
TOTAL PROFIT ON UNDERWRITING AND INVESTMENT	28,392,173	29,224,283
OTHER OPERATING EXPENSES	(31,324,218)	(36,854,660)
LOSS BEFORE INCOME TAX	(2,932,045)	(7,630,377)
INCOME TAX		
NET LOSS	(2,932,045)	(7,630,377)
RETAINED EARNING (DEFICIT) BROUGHT FORWARD	(99,205,255)	(95,512,992)
RETAINED EARNINGS (DEFICIT) BAHT		
CARRIED FORWARD	(102,137,300)	(103,143,369)
NET LOSS FOR THE HALF YEAR PER SHARE	BAHT (1.47)	BAHT (3.81)



5.4.6 Securities used as collateral

As at June 30, 1998 and 1997, government bonds, Bank of Thailand bonds and state enterprise bonds are deposits as cover for the loans and the Bank's promissory notes and for other commitment with state enterprise are consist of the followings :

	CONSOLIDATED		COST METHOD	
	JUNE 30,		JUNE 30,	
	1998	1997	1998	1997
Bank of Thailand (see Note 5.11)	341,000,000	300,000,000	308,017,096	300,000,000
Financial Institution				
Development Fund	75,000,000	-	-	-
Use of electricity	3,780,000	3,393,000	3,780,000	3,393,000
Land lease	12,000	12,000	12,000	12,000
Baht	419,792,000	303,405,000	311,809,096	303,405,000

As at June 30, 1997, a subsidiary deposited shares and unit trusts at book value of Baht 55,348,480, market value of Baht 11,758,130, to TSFC Securities Limited as securities sold under repurchase agreement amounting Baht 8,107,096 (see Note 5.11).

5.5 Loans

5.5.1 Classified by product

	CONSOLIDATED		COST METHOD	
	JUNE 30,		JUNE 30,	
	1998	1997	1998	1997
Overdrafts	14,118,143,951	14,472,170,492	14,118,143,951	14,500,287,423
Loans	26,242,825,132	24,578,829,024	25,354,710,849	23,926,845,097
Bills	16,815,180,002	19,005,212,639	13,801,931,595	14,724,002,514
Others	4,699,712,627	4,013,718,678	1,824,668,371	1,424,059,071
Total Baht	61,875,861,712	62,069,930,833	55,099,454,766	54,575,194,105

5.5.2 Classified by maturity

	CONSOLIDATED		COST METHOD	
	JUNE 30,		JUNE 30,	
	1998	1997	1998	1997
Up to 1 year*	37,824,454,645	39,375,309,387	32,777,184,017	34,404,156,623
Over 1 year	24,051,407,067	22,694,621,446	22,322,270,749	20,171,037,482
Total Baht	61,875,861,712	62,069,930,833	55,099,454,766	54,575,194,105

* including no contracts and matured contracts.

5.5.3 Classified by currency and customer location

June 30, 1998

	CONSOLIDATED			COST METHOD		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	59,936,082,658	-	59,936,082,658	53,159,675,712	-	53,159,675,712
USD	1,735,546,755	191,567,876	1,927,114,631	1,735,546,755	191,567,876	1,927,114,631
Others	12,664,423	-	12,664,423	12,664,423	-	12,664,423
Total Baht	61,684,293,836	191,567,876	61,875,861,712	54,907,886,890	191,567,876	55,099,454,766

June 30, 1997

	CONSOLIDATED			COST METHOD		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	56,837,921,726	-	56,837,921,726	49,343,184,998	-	49,343,184,998
USD	5,023,530,579	-	5,023,530,579	5,023,530,579	-	5,023,530,579
Others	208,478,528	-	208,478,528	208,478,528	-	208,478,528
Total Baht	62,069,930,833	-	62,069,930,833	54,575,194,105	-	54,575,194,105



5.5.4 Classified by business type

	CONSOLIDATED		COST METHOD	
	JUNE 30,		JUNE 30,	
	1998	1997	1998	1997
Agriculture and mining	2,818,895,600	3,353,604,097	2,778,002,600	3,310,495,646
Manufacturing and commercial commercial	29,550,757,648	30,896,230,156	26,337,764,686	28,484,298,108
Real estate and construction	12,553,649,189	8,683,113,147	11,170,302,843	7,165,430,622
Utilities and services	7,906,442,060	7,894,381,238	7,587,716,451	7,469,446,330
Housing loans	6,106,189,988	6,751,130,169	6,102,846,326	6,747,262,983
Others	2,939,927,227	4,491,472,026	1,122,821,860	1,398,260,416
Total Baht	61,875,861,712	62,069,930,833	55,099,454,766	54,575,194,105

As of June 30, 1998, the loans stated in the consolidated and the Bank's financial statements amounting to Baht 12,660,156,880 and Baht 8,924,697,013 respectively, are deposited as the guarantee to the Financial Institution Development Fund (see Note 5.10.1).

5.6 Loans to the companies with certain problem

As at June 30, 1998, the Bank has loans and accrued interest receivables from the companies which have problems, as classified by the Bank of Thailand, regarding financial position and result of operations. The Bank has made full allowance for such loans and receivables according to the Bank of Thailand's guidelines dated March 31, 1998, effective for the accounting period ended December 31, 1998 as follows :

CONSOLIDATED

	Number	Outstanding Balance	Collaterals	Baht : Million
				Allowance For Doubtful account
1. Closed down financial institutions	10	1,973	1,685	289
2. Companies delisted by SET	11	1,725	2,071	707
Total	21	3,698	3,756	996

COST METHOD

	Number	Outstanding Balance	Collaterals	Baht : Million
				Allowance For Doubtful account
1. Closed down financial institutions	10	1,836	1,659	176
2. Companies delisted by SET	9	1,384	1,952	549
Total	19	3,220	3,611	725

5.7 Allowance for doubtful accounts

5.7.1 Allowance for doubtful accounts is as follows :

	CONSOLIDATED		COST METHOD	
	June 30,		June 30,	
	1998	1997	1998	1997
Beginning balance	3,707,768,632	771,832,386	2,769,673,555	684,731,124
Doubtful accounts	9,414,642,790	409,746,608	8,536,000,000	103,000,000
Bad debts written off	(8,516,136)	(1,563,707)	(8,516,136)	(1,411,786)
Ending balance Baht	13,113,895,286	1,180,015,287	11,297,157,419	786,319,338

A major factor that has been taken into consideration in determining an allowance for doubtful accounts is the value of collateral. As the real estate and building business is currently facing marketing and liquidity problems, the value of collateral for the loans which consist of land, building and buildings under construction appraised by the independent appraisers of the appraiser of the Bank is depend on the ability of the debtors to continue to make payments as liabilities become due until the completion of the project.



As at June 30, 1998, loans and interest receivables in the consolidated financial statements and the Bank's financial statements were classified as substandard amounting to Baht 21,339 million and Baht 18,106 million, respectively, and classified as doubtful in the consolidated financial statements and the Bank's financial statements amounting to Baht 4,552 million and Baht 3,149 million, respectively.

As at June 30, 1998, the Bank has classified and recorded allowance for receivables in accordance with the Notification of the Bank of Thailand No. TorPorTor. Ngor (Wor) 1236/2541 regarding the modification of the basis for non-accrual of interest income, classification of loans, allowances for classified loans and other related measures dated March 31, 1998 effective for the accounting period ended December 31, 1998. The Bank recorded additional allowance of Baht 5,732 million as expense. Therefore, total allowance for doubtful receivables is Baht 11,297 million.

As at June 30, 1998, the subsidiary company recorded allowance for doubtful accounts according to the Bank of Thailand's Notification No. TorPorTor. Ngor (Wor) 3246/2540, which requires an allowance for substandard loans outstanding as at June 30, 1997 to be at 20% within 1998, but not less than 75% of the required percentage in the first half year ended June 30, 1998. For assets classified as doubtful, the subsidiary company has made a full allowance. Total allowance for doubtful accounts is Baht 1,761 million. Had the subsidiary made the allowance according to the Notification of the Bank of Thailand No. TorPorTor. Ngor (Wor) 1237/2541 regarding the modification of the basis for non-accrual of interest income, classification of loans, allowance for classified loans and other related measures dated March 31, 1998, additional allowance of Baht 468 million is required and total allowance for doubtful accounts would be Baht 2,229 million.

5.7.2 Non-Performing loans

As at June 30, 1998, non-performing loans in the consolidated financial statements and the Bank's financial statements amounted to Baht 23,062 million and Baht 18,359 million, respectively for which interest has not been accrued in accordance with the Notification of the Bank of Thailand No. TorPorTor. Ngor (Wor) 4219/2540 dated December 22, 1997 regarding the recording of accrued interest and dated January 28, 1997 regarding the form of balance sheet and profit and loss statement of a commercial bank and Notification of the Bank of Thailand No. TorPorTor. ForTor. 2040/2540 date July 18, 1997 regarding disclosure of non-performing loans in the financial statements and provision for substandard assets.

As at June 30, 1997, non-performing loans in the consolidated financial statements and the Bank's financial statements amounted to Baht 7,685 million and Baht 6,515 million, respectively for which interest has not been accrued in accordance with the Notification of Bank of Thailand dated March 6, 1996 and dated January 28, 1997 regarding the form of balance sheet and profit and loss statement of a commercial bank.

5.8 Property, premises and equipment

	CONSOLIDATED		COST METHOD	
	June 30,		June 30,	
	1998	1997	1998	1997
Land	340,597,094	334,037,094	340,597,094	334,037,094
Land - Appraisal increase	588,336,843	398,184,271	588,336,843	398,184,271
Premises	1,048,907,393	888,127,977	1,048,907,393	888,127,977
Premises - Appraisal increase	222,556,106	222,556,106	222,556,106	222,556,106
Leasehold improvement	40,973,913	41,178,262	-	-
Office furniture and equipment	760,654,884	38,941,792	733,814,187	667,750,970
Office furniture and fixtures	122,603,542	720,977	116,760,668	103,225,356
Motor vehicles	183,433,906	17,644,901	169,036,164	171,213,981
Equipment	75,102,775	1,001,299,101	58,768,866	50,203,161
Leasehold (net)	80,812,561	62,398,994	80,812,561	62,398,994
Properties under construction	45,434,450	117,646,705	45,434,450	117,646,705
Others	19,605,602	26,549,560	19,605,602	26,549,560
Total	3,529,019,069	3,149,285,740	3,424,629,934	3,041,894,175
Less Accumulated depreciation				
- cost	(1,026,501,143)	(897,123,171)	(979,576,690)	(864,376,224)
- appraisal increase	(29,386,645)	(23,509,316)	(29,386,645)	(23,509,316)
Baht	2,473,131,281	2,228,653,253	2,415,666,599	2,154,008,635
Depreciation and amortization for the half year	Baht	87,273,577	74,782,389	79,866,101
				67,684,114



5.9 Deposits

5.9.1 Classified by product

	CONSOLIDATED		COST METHOD	
	June 30,		June 30,	
	1998	1997	1998	1997
Demand	558,386,124	1,849,247,044	549,564,609	787,049,002
Savings	5,237,232,105	7,714,022,074	5,237,232,105	7,714,022,074
Fixed				
- Less than 6 months	39,984,173,620	41,673,821,660	39,030,940,755	38,518,622,493
- 6 months to less than 1 years	6,758,875,395	739,525,692	5,884,889,101	739,525,692
- 1 year and over	3,253,217,316	4,576,313,190	3,220,416,728	4,576,313,190
Negotiable certificates of deposits	5,006,563,050	2,833,819,318	3,275,900,000	410,000,000
Total Baht	60,798,447,610	59,386,748,978	57,198,943,298	52,745,532,451

5.9.2 Classified by maturity

	CONSOLIDATED		COST METHOD	
	June 30,		June 30,	
	1998	1997	1998	1997
At Call	8,821,515	1,062,198,042		
Up to 1 year	60,630,282,507	58,323,013,436	57,072,400,298	52,743,994,951
Over 1 year	159,343,588	1,537,500	126,543,000	1,537,500
Total Baht	60,798,447,610	59,386,748,978	57,198,943,298	52,745,532,451

5.9.3 Classified by currency and customer location

June 30, 1998

	CONSOLIDATED			COST METHOD		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	60,710,394,520	80,034,512	60,790,429,032	57,110,890,208	80,034,512	57,190,924,720
USD	7,311,797	706,781	8,018,578	7,311,797	706,781	8,018,578
Total Baht	60,717,706,317	80,741,293	60,798,447,610	57,118,202,005	80,741,293	57,198,943,298

June 30, 1998

	CONSOLIDATED			COST METHOD		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	59,330,286,594	45,785,391	59,376,071,985	52,689,070,067	45,785,391	52,734,855,458
USD	7,060,969	868,142	7,929,111	7,060,969	868,142	7,929,111
Others	2,747,882	-	2,747,882	2,747,882	-	2,747,882
Total Baht	59,340,095,445	46,653,533	59,386,748,978	52,698,878,918	46,653,533	52,745,532,451

5.10 Interbank and money market items (Liabilities)

5.10.1 Interbank and money market items as at June 30, 1998 as is follow :

Domestic item

	CONSOLIDATED			COST METHOD		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand and Financial Institution						
Development Fund	2,956,000,000	116,879,000	3,072,879,000	1,710,000,000	116,879,000	1,826,879,000
Commercial banks	17,099,862	8,400,000	25,499,862	19,987,261	-	19,987,261
Other banks	2,510,375,923	2,000,000,000	4,510,375,923	2,510,375,923	2,000,000,000	4,510,375,923
Finance companies,						
Finance and securities Companies, Securities Companies and Credit						
Foncier companies	24,962,360	170,109,079	195,071,439	25,832,506	317,935	26,150,441
Other financial Institutions	14,708,946	55,928,658	70,637,604	14,708,946	55,928,659	70,637,605
Total Domestic	5,523,147,091	2,351,316,737	7,874,463,828	4,280,904,636	2,173,125,594	6,454,030,230



Foreign items

	CONSOLIDATED			COST METHOD		
	Demand	Time	Total	Demand	Time	Total
USD	75,686,987	841,962,854	917,649,841	75,686,987	841,962,854	917,649,841
DM	-	-	-	-	-	-
Others	3,032,253	-	3,032,253	3,032,253	-	3,032,253
Total Foreign	78,719,240	841,962,854	920,682,094	78,719,240	841,962,854	920,682,094
Total Domestic and Foreign	5,601,866,331	3,193,279,591	8,795,145,922	4,359,623,876	3,015,088,448	7,374,712,324

As at June 30, 1998, interbank and money market items in the consolidated and the Bank's financial statements include the loans from the Financial Institution Development Fund amounting to Baht 2,956,000,000 and Baht 1,710,000,000, respectively. State enterprise bonds and loans of the Bank and the subsidiary company are used as collateral. (see Notes 5.4.6 and 5.5.4)

5.10.2 Interbank and money market items as at June 30, 1997 as is follow :

Domestic item

	CONSOLIDATED			COST METHOD		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand and Financial Institution						
Development Fund	100,000,000	234,481,800	334,481,800	100,000,000	234,481,800	334,481,800
Commercial banks	85,203,814	195,931,448	281,135,262	22,627,624	-	22,627,624
Other banks	1,533,124,131	2,459,366,500	3,992,490,631	1,533,124,131	2,459,366,500	3,992,490,631
Finance companies, Finance and securities companies, Securities companies and Credit Foncier companies	1,495,634,739	141,700	1,495,776,439	1,976,152,892	294,602	1,976,447,494
Other financial institutions	70,190,793	677,104,983	747,295,776	27,023,821	12,779,911	39,803,732
Total Domestic	3,284,153,477	3,567,026,431	6,851,179,908	3,659,928,468	2,706,922,813	6,365,851,281
Foreign items						
USD	12,969,026	3,955,539,253	3,968,508,279	12,969,026	3,955,539,253	3,968,508,279
Yen	-	1,648,073	1,648,073	-	1,648,073	1,648,073
DM	-	114,574,315	114,574,315	-	114,574,315	114,574,315
Others	17,440,951	-	17,440,951	17,440,951	-	17,440,951
Total Foreign	30,409,977	4,071,761,641	4,102,171,618	30,409,977	4,071,761,641	4,102,171,618
Total Domestic and Foreign	3,314,563,454	7,638,788,072	10,953,351,526	3,689,338,445	6,778,684,454	10,468,022,899

5.11 Securities sold under repurchase agreements

Securities sold under repurchase agreements are as follows :

June 30, 1998

	CONSOLIDATED			COST METHOD		
	Bank of Thailand repurchase market	Other repurchase market	Total	Bank of Thailand repurchase market	Other Repurchase Market	Total
State enterprise securities	341,000,000	-	341,000,000	-	-	-
Total	341,000,000	-	341,000,000	-	-	-

June 30, 1997

	CONSOLIDATED			COST METHOD		
	Bank of Thailand repurchase market	Other repurchase market	Total	Bank of Thailand repurchase market	Other Repurchase Market	Total
Government bond and the Bank of Thailand's bond	10,000,000	-	10,000,000	10,000,000	-	10,000,000
State enterprise securities	290,000,000	-	290,000,000	290,000,000	-	290,000,000
Listed securities	-	8,017,096	8,017,096	-	-	-
Total	300,000,000	8,017,096	308,017,096	300,000,000	-	300,000,000



The Bank and subsidiaries had pledged bonds for collaterals. (see Note 5.18)

5.12 Borrowings

Borrowing by types of instruments and sources :

June 30, 1998

	CONSOLIDATED			COST METHOD		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated term-debt 8 years repayable 8 from 1992 to 2000 with floating interest rate at 1% over the interest rate for 3 month fixed deposit of a finance and securities company	450,000,000	-	450,000,000	450,000,000	-	450,000,000
Subordinated term-debt of 0 US\$ 4 million repayable 5 years and 6 months from 1995 to 2000, with interest rate at LIBOR+1.50% per annum	-	1,692,520,000	1,692,520,000	-	1,692,520,000	1,692,520,000
Subordinated term-debt of US\$ 20 million repayable 5 years and 6 months from 1996 to 2002, with interest rate at LIBOR+1.50% per annum	-	846,260,000	846,260,000	-	846,260,000	846,260,000
Total Baht	450,000,000	2,538,780,000	2,988,780,000	450,000,000	2,538,780,000	2,988,780,000

June 30, 1997

	CONSOLIDATED			COST METHOD		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated term-debt repayable 8 years from 1992 to 2000 with floating interest rate at 1% over the interest rate for 3 month fixed deposit of a finance and securities company	450,000,000	-	450,000,000	450,000,000	-	450,000,000
Subordinated term-debt of US\$ 40 million repayable 5 years and 6 months from 1995 to 2000, with interest rate at LIBOR+1.50% per annum	-	1,031,600,000	1,031,600,000	-	1,031,600,000	1,031,600,000
Subordinated term-debt of US\$ 20 million repayable 5 years and 6 months from 1996 to 2002, with interest rate at LIBOR+1.50% per annum	-	515,800,000	515,800,000	-	515,800,000	515,800,000
Total Baht	450,000,000	1,547,400,000	1,997,400,000	450,000,000	1,547,400,000	1,997,400,000

5.13 Share capital

In June 1997, the Bank issued 5,000,000 ordinary shares to the existing shareholders at Baht 15.00 per share. The shares were fully subscribed and the capital increase from Baht 750,000,000 to Baht 800,000,000 was duly registered with the Department of Commercial registration on July 15, 1997.

The shareholders passed a resolution on August 1, 1997 to increase the registered share capital from Baht 800,000,000, divided into 80,000,000 shares of Baht 10.00 par value each to Baht 1,800,000,000, divided into 180,000,000 shares of Baht 10.00 par value each to the existing shareholders at the ratio of 1.25 new shares to 1 old share, at Baht 10.00 par value each. The subscription dates for the increased share capital were from August 20 to 29, 1997.

On August 5, 1997, the Board of Directors resolved to issue the remaining shares after the allotment on August 1, 1997 of Baht 191,222,030. The Bank received share subscriptions and the capital increase was duly registered with the Department of Commercial registration on October 27, 1997.



Capital fund is as follows :

	Baht : Thousand	
	1998	1997
Issued and paid-up share capital	1,800,000	750,000
Share capital receive in advance	-	75,000
Premium on share capital	290,777	265,777
Legal reserve	55,500	53,500
General and other reserve	722,033	2,638,133
Net profit (loss) after appropriation	(14,495,349)	45
Unrealized increment per land and premises Appraisal	-	378,252
Subordinated debt instruments	-	1,080,080
Total capital fund	Baht	(11,627,039) 5,240,787

As at June 30, 1998, the Bank has been unable to meet certain capital requirements of the Bank of Thailand. Therefore, the Bank of Thailand on August 14, 1998 ordered the Bank to reduce existing capital and raise new capital to provide the Bank to meet the capital adequacy ratio. (see Note 7.1)

5.14 Statutory Reserve

Under the public Companies Act, the Bank is required to set aside as statutory reserve at least 5% of its net profit after accumulated deficit brought forward (if any), until the reserve is not less than 10% of the authorized capital.

5.15 Restriction on Dividend Payment

The Bank and the subsidiary company obtained a waiver from the Bank of Thailand for loans and receivables which were classified as doubtful or substandard as of June 30, 1997. The allowance for doubtful accounts for substandard accounts has to be made in full at 15% by the Bank and 20% by the financial institution in 1998, but not less than 50% as provision for the second half 1997 and not less than 75% in the first half 1998. However, dividend can only be paid from profit determined after allowance for doubtful accounts has been made in full for bad and doubtful accounts and 15% for substandard accounts by the Bank and 20% for substandard accounts by financial institution, unless a special permission is granted by the Bank of Thailand.

5.16 Adjustment for retained earnings brought forward

For the year ended 1997, the Bank had not recorded director's remuneration amounting Baht 1,170,000. The Bank made an adjustment to retained earnings brought forward.

5.17 Contingencies

Contingencies are as follows :

June 30, 1998

	CONSOLIDATED			COST METHOD			
	Baht	Foreign currencies	Total	Baht	Foreign Currencies	Total	
Avals to bills	2,041,355,913	12,382,171	2,053,738,084	2,040,905,913	12,382,171	2,053,288,084	
Guarantees of loans	144,825,000	1,917,721,231	2,062,546,231	144,700,000	1,917,721,231	2,062,421,231	
Other guarantees	5,350,632,998	118,575,921	5,469,208,919	5,350,622,998	118,575,921	5,469,198,919	
Customers' liabilities under unmatured bills issued							
under letters of credit	779,228,091	-	779,228,091	779,228,091	-	779,228,091	
Letters of credit	309,734,822	-	309,734,822	309,734,822	-	309,734,822	
Forward foreign exchange contracts							
Bought	-	2,097,632,463	2,097,632,463	-	2,097,632,463	2,097,632,463	
Sold	-	2,170,853,228	2,170,853,228	-	2,170,853,228	2,170,853,228	
Amount of unused bank overdraft	5,458,995,266	-	5,458,995,266	5,458,995,266	-	5,458,995,266	
Total	Baht						
		14,084,772,090	6,317,165,014	20,401,937,104	14,084,187,090	6,317,165,014	20,401,352,104



June 30, 1997

	CONSOLIDATED			COST METHOD			
	Baht	Foreign currencies	Total	Baht	Foreign Currencies	Total	
Avals to bills	2,226,884,671	-	2,226,884,671	2,216,759,336	-	2,216,759,336	
Guarantees of loans	745,658,214	936,177,000	1,681,835,214	745,558,214	936,177,000	1,681,735,214	
Other guarantees	7,292,737,309	243,759,383	7,536,496,692	7,292,737,309	243,759,383	7,536,496,692	
Customers' liabilities under							
unmatured bills issued under							
letters of credit	-	947,070,302	947,070,302	-	947,070,302	947,070,302	
Letters of credit	177,515,205	1,647,086,649	1,824,601,854	177,515,205	1,647,086,649	1,824,601,854	
Forward foreign exchange contracts							
Bought	-	3,008,167,121	3,008,167,121	-	3,008,167,121	3,008,167,121	
Sold	-	1,666,771,121	1,666,771,121	-	1,666,771,121	1,666,771,121	
Amount of unused bank							
overdraft	5,983,304,016	-	5,983,304,016	5,983,304,016	-	5,983,304,016	
Total	Baht						
		16,426,099,415	8,449,031,576	24,875,130,991	16,415,874,080	8,449,031,576	24,864,905,656

5.18 Securities used as collateral

Government bonds, Bank of Thailand bonds and State Enterprise bonds of the subsidiary face value of Baht 341,000,000 as of June 30, 1998 and of the Bank face value of Baht 947,000,000 as of June 30, 1997 are deposited to the Bank of Thailand according to the Regulation of the Bank of Thailand regarding Repurchase of Government bond . (see Note 5.11)

5.19 Related parties transactions

Loans and obligations to certain officers from the level of departmental chief upwards, and the companies in which they and/or the Bank, or the Bank's directors, have 10% or more beneficial ownership are as follows :

	Baht	CONSOLIDATED		COST METHOD	
		June 30,		June 30,	
		1998	1997	1998	1997
Loans					
Balance as at June 30,	Baht	510,208,543	1,354,029,009	510,208,543	1,354,029,009
Average balance at the end of the month	Baht	905,219,043	1,563,428,220	905,219,043	1,563,428,220

	Baht	CONSOLIDATED		COST METHOD	
		June 30,		June 30,	
		1998	1997	1998	1997
Contingencies					
Balance as at June 30,	Baht	2,018,119,963	1,027,899,471	2,018,119,963	1,027,899,471
Average balance at the end of the month	Baht	2,238,390,233	752,039,772	2,238,390,233	752,039,172

A portion of the Bank's business is represented by transactions with related companies and the financial statements reflect the effect of these transactions in normal course of business. Transactions with the related companies whose shares are more than 20 percent owned by the Bank consisted mainly of the following :



JUNE 30, 1998

	Business Type	Paid-up capital	Ownership	Amount	Loan	Other Asset	Obligations
Called and fully paid-up							
Vajiradhanathun Finance Company Limited	Financial	1,550,000,000	99.05%	3,133,094,929	442,668,250	-	1,887,563,862
Vajirathanasin Insurance Company Limited	Insurance	200,000,000	92.00%	398,741,922	-	-	-
One Asset Management Limited	Mutual funds	100,000,000	25.00%	25,000,000	-	-	-
P.C. Pattanasub Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	3,335,000	5,000,000
R.S. Sahakij Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	4,175,000	10,000,000
L.K. Business Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	3,200,000	10,000,000
S.S. Subtavee Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	3,735,000	10,000,000
S.C. Settakarn Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	2,090,000	10,000,000
Sahasin Leasing Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-	-
25.00% called and paid-up							
Rungrueng Sahakarn Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
Sahasup Dhamrong Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
R.S. Sahamongkol Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
P.C. Sahapatara Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
P.S. Sahapol Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
L.A. Union Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
S.C. Sahakij Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
Panichsahakij Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
L.K. Settakarn Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
Sahadhanabodee Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
BAHT				3,565,336,851	442,668,250	16,535,000	1,932,563,862

JUNE 30, 1997

	Business Type	Paid-up capital	Ownership	Amount	Loan	Other Asset	Obligations
Called and fully paid-up							
Vajiradhanathun Finance Company Limited	Financial	1,550,000,000	82.36%	871,920,801	691,912,078	-	895,203,793
Vajirathanasin Insurance Company Limited	Insurance	200,000,000	92.00%	398,741,922	-	-	-
One Asset Management Limited	Mutual funds	100,000,000	25.00%	25,000,000	-	-	-
P.C. Pattanasub Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-	10,000,000
R.S. Sahakij Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-	10,000,000
L.K. Business Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-	10,000,000
S.S. Subtavee Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-	10,000,000
S.C. Settakarn Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-	10,000,000
Sahasin Leasing Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-	-
25.00% called and paid-up							
Rungrueng Sahakarn Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
Sahasup Dhamrong Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
R.S. Sahamongkol Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
P.C. Sahapatara Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
P.S. Sahapol Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
L.A. Union Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
S.C. Sahakij Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
Panichsahakij Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
L.K. Settakarn Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
Sahadhanabodee Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-	-
BAHT				1,304,162,723	691,912,078	-	945,023,793



5.20 Long-term lease

Some of the Bank branches were built on lease land or rent buildings which have lease term more than 1 year and rental are as follows :

June 30, 1998

Type of lease	Period	CONSOLIDATED	COST METHOD
		Rental Baht	Rental Baht
Land and/or premises	July 1, 1998-June 30, 1999	14,970,724	9,851,532
Land and/or premises	July 1, 1999-June 30, 2025	66,123,138	64,043,958
Equipment	July 1, 1998-June 30, 1999	7,434,016	-
Equipment	July 1, 1999-June 30, 2001	2,881,049	-
Service	July 1, 1998-June 30, 1999	4,681,998	-
Service	July 1, 1999-June 30, 2001	1,794,508	-

June 30, 1998

Type of lease	Period	CONSOLIDATED	COST METHOD
		Rental Baht	Rental Baht
Land and/or premises	July 1, 1997-June 30, 1998	8,710,142	2,970,306
Land and/or premises	July 1, 1998-June 30, 2025	63,185,691	56,692,649
Equipment	July 1, 1997-June 30, 1998	8,429,624	-
Equipment	July 1, 1998-June 30, 2001	9,440,401	-
Service	July 1, 1997-June 30, 1998	4,832,463	-
Service	July 1, 1998-June 30, 2001	5,670,000	-
Motor vehicle	July 1, 1999-June 30, 1998	242,814	-

5.21 The financial position and the results of operation by domestic and foreign operations

5.21.1 The financial position

June 30, 1998

	CONSOLIDATED			COST METHOD		
	Domestic operations	Foreign operations	Total operations	Domestic operations	Foreign operations	Total operations
	Baht	Baht	Baht	Baht	Baht	Baht
Total assets	64,283,967,876	-	64,283,967,876	58,682,817,228	-	58,682,817,228
Interbank and money market items	4,943,416,493	-	4,943,416,493	5,277,159,611	-	5,277,159,611
Loans	61,875,861,712	-	61,875,861,712	55,099,454,766	-	55,099,454,766
Investment-Net	896,405,119	-	896,405,119	485,031,115	-	485,031,115
Deposits	60,798,447,610	-	60,798,447,610	57,198,943,298	-	57,198,943,298
Interbank and money market items	8,795,145,922	-	8,795,145,922	7,374,712,324	-	7,374,712,324
Borrowings	2,988,780,000	-	2,988,780,000	2,988,780,000	-	2,988,780,000
Contingencies	20,401,937,104	-	20,401,937,104	20,401,352,104	-	20,401,352,104

June 30, 1997

	CONSOLIDATED			COST METHOD		
	Domestic operations	Foreign operations	Total operations	Domestic operations	Foreign operations	Total operations
	Baht	Baht	Baht	Baht	Baht	Baht
Total assets	79,233,344,815	-	79,233,344,815	71,968,065,601	-	71,968,065,601
Interbank and money market items	5,423,888,282	-	5,423,888,282	5,416,984,153	-	5,416,984,153
Loans	62,069,930,833	-	62,069,930,833	54,575,194,105	-	54,575,194,105
Investment-Net	4,417,174,171	-	4,417,174,171	4,938,011,694	-	4,938,011,694
Deposits	59,386,748,978	-	59,386,748,978	52,745,532,451	-	52,745,532,451
Interbank and money market items	10,953,351,526	-	10,953,351,526	10,468,022,899	-	10,468,022,899
Borrowings	1,997,400,000	-	1,997,400,000	1,997,400,000	-	1,997,400,000
Contingencies	24,875,130,991	-	24,875,130,991	24,864,905,656	-	24,864,905,656



5.21.2 The results of operation
June 30, 1998

	CONSOLIDATED			COST METHOD		
	Domestic operations	Foreign operations	Total operations	Domestic operations	Foreign operations	Total operations
	Baht	Baht	Baht	Baht	Baht	Baht
Interest and dividend Income	4,389,618,141	-	4,389,618,141	4,172,943,112	-	4,172,943,112
Interest expenses	5,286,443,032	-	5,286,443,032	4,793,182,689	-	4,793,182,689
Net interest income	(896,824,891)	-	(896,824,891)	(620,239,577)	-	(620,239,577)
Bad debt and doubtful accounts	9,414,642,790	-	9,414,642,790	8,536,000,000	-	8,536,000,000
Non-interest income	178,481,422	-	178,481,422	193,590,026	-	193,590,026
Non-interest expenses	2,796,234,760	-	2,796,234,760	5,616,373,073	-	5,616,373,073
Income before income tax	(12,929,221,019)	-	(12,929,221,019)	(14,579,022,624)	-	(14,579,022,624)

June 30, 1997

	CONSOLIDATED			COST METHOD		
	Domestic operations	Foreign operations	Total operations	Domestic operations	Foreign operations	Total operations
	Baht	Baht	Baht	Baht	Baht	Baht
Interest and dividend Income	4,209,719,853	-	4,209,719,853	3,622,789,007	-	3,622,789,007
Interest expenses	3,394,930,919	-	3,394,930,919	2,859,852,161	-	2,859,852,161
Net interest income	814,788,934	-	814,788,934	762,936,846	-	762,936,846
Bad debt and doubtful accounts	409,746,608	-	409,746,608	103,000,000	-	103,000,000
Non-interest income	468,983,424	-	468,983,424	398,447,425	-	398,447,425
Non-interest expenses	1,060,844,306	-	1,060,844,306	852,275,183	-	852,275,183
Income before income tax	(186,818,556)	-	(186,818,556)	206,109,088	-	206,109,088

5.22 Fair value of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of the Bank's underlying financial assets and liabilities can be determined by calculating the present value of the expected cash flows associated with the financial assets and liabilities. As at June 30, 1998 financial instruments are as follows :

Financial Assets

The Bank's financial assets, other than investments in debt securities, consist of cash (1.22%), interbank and money market items (9.94%) and net loans (88.84%).

The Bank uses different methodologies for determining the fair value. The methodology used is dependent upon the characteristics of the financial instrument and the financial market in which it operates. Financial instruments that have standard terms and conditions and trade on an active and liquid market, such as investments in securities, have their fair value determined by the quoted market price (see Note 3.3).

In other circumstances, the fair value is ordinarily derived from quoted market rates such as interest rates and foreign exchange rates, which are then subsequently incorporated into generally accepted pricing models, based on discounted cash flow theory, to determine the fair value. The Bank considers that the carrying amount for the remaining classifications (that is, cash, interbank and money market items and loans) approximate the fair value as the financial instruments are either predominantly subject to regular interest rate repricing such as MLR and MOR or if fixed, are of a short term nature.

Financial Liabilities

The Bank's major financial liability classifications are deposits (84.66%) interbank and money market items (10.92%) and borrowings (4.42%). The Bank considers that the carrying amount for deposits and interbank and money market items approximate the fair value for the same reasons described above under Financial Assets (see Notes 5.9 and 5.10).

The Bank's borrowings as described in Note 5.12 are for a fixed term at a fixed rate. Accordingly, the fair value would be expected to diverge from the face value to reflect the movement in interest rates. The exception is the loans which has been issued at a floating rate.

Forward foreign exchange



The forward foreign exchange contracts bought and sold are mainly not more than 180 days. The principal currency is US. Dollar (see Notes 5.17).

6. PLAN FOR RESOLVING THE MILLENNIUM BUG (Y2K) PROBLEM (Unaudited - Not Covered by Report of the Auditors)

The Bank has modified the computer system and equipment to resolve that millennium bug (Y2K) problem since 1997. As at June 30, 1998, the progress of such modification for all system is approximately 60%. The Bank expects that all systems will be tested within 1998 in accordance with the requirement of the Bank of Thailand.

Although the Bank believes that it can modify all systems before the coming year 2000, it still has a risk if at that time other companies with whom the Bank will be doing business cannot modify their systems. However, the Bank expects that such problems can be resolved and the impact of Y2K will not materially affect the operations of the Bank.

7. EVENTS OCCURRING AFTER BALANCE SHEET DATE

7.1 As at August 14, 1998, Bank of Thailand ordered the Bank to reduce existing capital and raise new capital, details are as follows :

Eliminate paid-up share capital Baht 1,798,200,000 from Baht 1,800,000,000 to Baht 1,800,000, which eliminate par value from Baht 10.00 per share to Baht 0.01 per share.

Present the accurate financial position of the Bank by deducting eliminated share amount of Baht 1,798,200,000, surplus, capital reserve, other reserve which is capital fund and net profit after appropriation from total loss of the period.

Increase registered capital Baht 12,332,200,000 from the remaining Baht 1,800,000 to Baht 12,334,000,000. The new ordinary shares will be 1,233,220,000,000 shares of Baht 0.01 per share. Which will provide capital fund for the Bank.

To offer the whole new shares to FIDF and register the decrease and increase share capital together with changing the Bank memorandum and regulations and changing Board of Directors within 20 days from August 14, 1998.

The Bank has registered the reducing capital and increasing capital with the Registrar of Partnerships and Companies, Department of Commerce, Ministry of Commerce on August 28, 1998 and September 1, 1998, respectively.

According to the joint announcement between the Ministry of Finance and the Bank of Thailand dated August 14, 1998, the Bank will be merged with Krung Thai Thanakit Finance and Securities Public Company Limited of which the merger plan will be completed within December 31, 1998.

7.2 As at August 13, 1998, Bank of Thailand ordered the subsidiary company to reduce existing capital and raise new capital as follows :

Reduce paid-up share capital Baht 1,550,000,000 from Baht 1,548,450,000 to Baht 1,550,000, which reduce par value from Baht 10.00 per share to Bath 0.01 per share.

Present the accurate financial position of the subsidiary company by deducting reduced share amount of Baht 1,548,450,000, surplus, capital reserve, other reserve which is capital fund and net profit after appropriation against total loss of the period.

Increase registered capital Baht 1,040,000,000 from the remaining Baht 1,550,000 to Baht 1,041,550,000. The new ordinary shares will be 104,000,000,000, shares of Baht 0.01 per share, which will provide capital fund for the subsidiary company.

To offer the whole newly issued shares to FIDF, and register the decrease and increase share capital together with changing the subsidiary company memorandum and regulations and changing Board of Directors within 20 days from August 13, 1998, according to requirements of Bank of Thailand and by the law.

The subsidiary company has registered the reducing capital and increasing capital with the Registrar of Partnerships and Companies, Department of Commerce, Ministry of Commerce on August 26 and 31, 1998, respectively.

According to the joint announcement by the Ministry of Finance and the Bank of Thailand dated August 14, 1998, the subsidiary will be merged with Krung Thai Thanakit Finance and Securities Public Company Limited, of which the merger plan will be completed within December 31, 1998.

Financial Statements
Year Ended December 31, 1998



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

We have audited the accompanying balance sheet of BankThai Public Company Limited as at December 31, 1998 and the related statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

The comparative financial statements of BankThai Public Company Limited as of December 31, 1997 were audited by other auditors dated February 20, 1998 which expressed an qualified opinion, regarding the exception for the effect to the financial statements, if the Bank had included the net loss for the half year ended 1997 in the capital fund as at December 31, 1997, the Bank might not meet the various capital and regulatory requirement of the Bank of Thailand. However the management of the Bank was in the process of finding a strategic partner to increase capital.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates



made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As describe in Note 6.4 to the financial statements as at December 31, 1998, the Bank has classified loans and accrued interest which required allowance for doubtful accounts under the Bank of Thailand regulation of Baht 21,090.82 million. Under the regulation, the Bank is allowed to provide the allowance for doubtful accounts on a pro rata basis semi-annually within 5 period. The allowance prorated for this period is Baht 4,218.16 million. As at December 31, 1998, the Bank has provided an allowance of Baht 11,257.01 million representing 53.37 percent of the total required allowance for doubtful accounts. Thus the Bank has complied with the Bank of Thailand's regulation.

As describe in Note 6.4.1 to the financial statements, the Bank has solved the non-performing loan problem by restructuring the loan for Baht 24.470 million but has not yet signed the contract, therefore the Bank is unable to know the exact amount of allowance for doubtful debts and bad debts of which the amount has material effects on the financial statements. Consequently, we do not express an opinion on the statements of profit and loss and retained earnings for the year ended December 31, 1998 of BankThai Public Company Limited.

In our opinion, except the impact mentioned in the fourth and the fifth paragraph, the financial statements referred to above present fairly, in all material respects, the financial position as of December 31, 1998, changes in shareholders' equity and its cash flows for the year then ended in conformity with generally accepted accounting principles.



We request the observation to Notes 7, 6.4 and 9 to the financial statements, regarding the plan for resolving the millennium bug (Y2K) problem which is not qualified and not included in our opinion to the financial statements in this report, the additional allowance for doubtful accounts of Baht 8,624.06 million in January 1999 and the capital increase by issuing preferred share of Baht 40,000 million.

(Mr. Pradhan Darbphechra)
Deputy Auditor-General
For Auditor-General

(Miss. Vilailak Aunyamaneerat)
Auditor in Charge

Office of the Auditor General
November 10, 1998



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

BALANCE SHEET

AS AT DECEMBER 31, 1998 AND 1997

	NOTE	1998 BAHT	1997 BAHT
ASSETS			
CASH		748,609,330	782,320,045
INTERBANK AND MONEY MARKET ITEMS	6.1		
Domestic items			
Interest bearing		6,206,511,708	4,705,124,241
Non-interest bearing		2,538,490,353	685,059,608
Foreign items			
Interest bearing		1,832,581,820	652,531,773
Non-interest bearing		39,791,887	173,499,534
Total interbank and money market items		10,617,375,768	6,216,215,156
SECURITIES PURCHASED UNDER RESALE AGREEMENT			
INVESTMENT IN SECURITIES	6.2		
Securities for investment		6,145,005,833	5,262,678,097
<u>Less</u> Allowance for diminution in value of securities		(1,584,373,001)	(566,219,598)
Investment in securities - net		4,560,632,832	4,696,458,499
LOANS AND ACCRUED INTEREST RECEIVABLES			
Loans	6.3	55,342,450,788	57,524,934,316
Accrued interest receivables		3,919,032,502	2,636,942,805
Total loans and accrued interest receivables		59,261,483,290	60,161,877,121
<u>Less</u> Allowance for doubtful accounts	6.4	(11,257,014,000)	(2,769,673,555)
loans and accrued interest receivables - net		48,004,469,290	57,392,203,566
PROPERTIES FORECLOSED		775,417,071	622,467,358
CUSTOMERS' LIABILITY UNDER ACCEPTANCES		240,212,018	691,549,086
PROPERTY, PREMISES AND EQUIPMENT - net	6.5	2,431,487,508	2,235,181,395
INTER OFFICE		118,950,866	158,713,076
OTHER ASSETS	6.6	496,348,766	557,246,377
TOTAL ASSETS		67,993,503,449	73,352,354,558

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

BALANCE SHEET

AS AT DECEMBER 31, 1998 AND 1997

	NOTE	1998 BAHT	1997 BAHT
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS	6.7		
Deposits in Baht		62,424,173,707	48,379,028,954
Deposits in foreign currencies		6,581,692	19,663,962
Total deposits		62,430,755,399	48,398,692,916
INTERBANK AND MONEY MARKET ITEMS	6.8		
Domestic items			
Interest bearing		1,971,414,955	11,423,437,268
Non-interest bearing		23,463,157	79,693,503
Foreign items			
Interest bearing		96,000,532	2,479,017,421
Non-interest bearing		7,590,457	7,662,533
Total interbank and money market items		2,098,469,101	13,989,810,725
LIABILITY PAYABLE ON DEMAND		107,166,087	124,941,535
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS			2,204,432,973
BORROWINGS	6.9		
Long-term borrowings		2,651,280,000	3,284,820,000
Total borrowings		2,651,280,000	3,284,820,000
BANK'S LIABILITY UNDER ACCEPTANCES		240,212,018	691,549,086
ACCRUED INTEREST PAYABLE		725,890,153	1,092,318,239
ACCRUED PAYABLE		21,027,138	28,348,964
OTHER LIABILITIES PENDING TRANSFER		51,698,330	389,923,340
PENSION FUND		345,048,115	
OTHER LIABILITIES		137,907,606	162,020,662
TOTAL LIABILITIES		68,809,453,947	70,366,858,440

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

BALANCE SHEET

AS AT DECEMBER 31, 1998 AND 1997

	NOTE	1998 BAHT	1997 BAHT
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
	6.10		
Authorized share capital			
1,233,400,000,000 ordinary shares of Baht 0.01 each		12,334,000,000	
180,000,000 ordinary shares of Baht 10.00 each			1,800,000,000
Issued and paid-up share capital			
1,233,400,000,000 ordinary shares of Baht 0.01 each, fully paid		12,334,000,000	
180,000,000 ordinary shares of Baht 10.00 each, fully paid			1,800,000,000
PREMIUM ON SHARE CAPITAL		-	290,776,835
UNREALIZED INCREMENT PER LAND APPRAISAL		587,361,171	398,184,271
UNREALIZED INCREMENT PER PREMISES APPRAISAL		265,270,682	196,108,126
RETAINED EARNINGS			
Appropriated			
Statutory reserve		-	55,500,000
Other reserve		-	2,007,033,000
Reserve for dividend equalization		-	765,000,000
Unappropriated (deficit)		(13,862,610,816)	(1,960,886,516)
LESS Unrealized loss on securities for investment		(139,971,535)	(566,219,598)
TOTAL SHAREHOLDERS' EQUITY		(815,950,498)	2,985,496,118
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		67,993,503,449	73,352,354,558
CONTINGENCIES OFF-BALANCE SHEET ITEMS			
	6.12		
AVAL TO BILLS AND GUARANTEES OF LOANS		922,879,990	5,419,382,584
LIABILITY UNDER UNMATURED IMPORT BILLS		234,170,587	916,057,333
LETTER OF CREDIT		138,283,845	684,256,479
OTHER CONTINGENCIES		11,376,672,832	20,303,278,526

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

STATEMENTS OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

	1998 BAHT	1997 BAHT
INTEREST AND DIVIDEND INCOME		
Interest on loans	6,575,239,804	7,224,658,099
Interest on interbank and money market items	429,692,285	529,702,506
Interest on government securities and state enterprise securities	143,337,134	223,895,961
Interest on other securities	80,189,260	80,768,171
Total interest and dividend income	7,228,458,483	8,059,024,737
INTEREST EXPENSES		
Interest on Deposits	7,454,111,483	4,936,302,414
Interest on interbank and money market items	1,167,241,251	1,635,683,856
Interest on long-term borrowings	257,882,670	263,046,954
Total interest expenses	8,879,235,404	6,835,033,224
NET INTEREST AND DIVIDEND INCOME	(1,650,776,921)	1,223,991,513
BAD DEBT AND DOUBTFUL ACCOUNTS	(8,617,049,372)	(2,087,000,000)
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS	(10,267,826,293)	(863,008,487)
NON-INTEREST INCOME		
Fees and service income		
Acceptances, aval and guarantees	100,244,874	161,194,500
Others	137,294,132	213,870,124
Gain on exchange	108,500,921	171,810,260
Gain on sale of investment in securities	-	132,310,148
Other income	17,070,197	151,250,170
Total non-interest income	363,110,124	830,435,202
NON-INTEREST EXPENSES		
Personnel expenses	875,662,515	691,253,459
Premises and equipment expenses	371,568,422	344,536,304
Taxes and duties	279,032,608	345,410,499
Fees and service expenses	34,780,300	37,456,923
Directors' remuneration	7,575,235	11,970,969
Financial institution development funds expenses	248,485,351	117,684,441
Loss for diminution in value of securities	4,585,434,624	87,886,367
Loss for sale of investment in securities	30,657,799	-
Other expenses	474,881,112	156,259,290
Total non-interest expenses	6,908,077,966	1,792,458,252
PROFIT (LOSS) BEFORE INCOME TAX	(16,812,794,135)	(1,825,031,537)
INCOME TAX		
NET PROFIT (LOSS)	(16,812,794,135)	(1,825,031,537)
NET PROFIT (LOSS) PER SHARE	(0.04)	(17.29)

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

	1998 BAHT	1997 BAHT
ORDINARY SHARE CAPITAL		
Beginning balance	1,800,000,000	750,000,000
Deductions	(1,798,200,000)	-
Additions	12,332,200,000	1,050,000,000
Ending balance	12,334,000,000	1,800,000,000
PREMIUM ON SHARE CAPITAL		
Beginning balance	290,776,835	265,776,835
Additions (Deductions)	(290,776,835)	25,000,000
Ending balance	-	290,776,835
UNREALIZED INCREMENT PER LAND APPRAISAL		
Beginning balance	398,184,271	398,184,271
Additions(Deductions)	189,176,900	-
Ending balance	587,361,171	398,184,271
UNREALIZED INCREMENT PER PREMISES APPRAISAL		
Beginning balance	196,108,126	201,985,455
Additions (Deductions)	73,887,486	-
Deductions-Depreciation of premises appraisal for the year	(4,724,930)	(5,877,329)
Ending balance	265,270,682	196,108,126
APPROPRIATED RETAINED EARNINGS		
STATUTORY RESERVE		
Beginning balance	55,500,000	51,500,000
Additions (Deductions)	(55,500,000)	4,000,000
Ending balance	-	55,500,000
GENERAL RESERVE		
Beginning balance	2,007,033,000	1,860,633,000
Additions (Deductions)	(2,007,033,000)	146,400,000
Ending balance	-	2,007,033,000

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

	1998 BAHT	1997 BAHT
RESERVE FOR DIVIDEND EQUALIZATION		
Beginning balance	765,000,000	656,500,000
Additions (Deductions)	(765,000,000)	108,500,000
Ending balance	-	765,000,000
UNAPPROPRIATED RETAINED EARNINGS		
Beginning balance - as previously reported	(1,960,886,516)	131,781,021
Deductions - Adjustment for 1997 Directors' fee	(1,170,000)	-
Beginning balance - After adjustment	(1,962,056,516)	131,781,021
Addition (deductions) for the year		
Net profit (loss)	(16,812,794,135)	(1,825,031,537)
Ordinary share capital	1,798,200,000	-
General reserve	2,007,033,000	(146,400,000)
Reserve for dividend equalization	765,000,000	(108,500,000)
Premium on share capital	290,776,835	-
Statutory reserve	55,500,000	(4,000,000)
Directors' fee	(4,270,000)	(8,736,000)
Ending balance	(13,862,610,816)	(1,960,886,516)
UNREALIZED LOSS ON DIMINUTION IN VALUE OF SECURITIES FOR INVESTMENT		
Beginning balance	(566,219,598)	(185,345,989)
Additions (Deductions)	426,248,063	(380,873,609)
Ending balance	(139,971,535)	(566,219,598)
TOTAL SHAREHOLDERS' EQUITY - NET	(815,950,498)	2,985,496,118

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

STATEMENTS OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

	1998 BAHT	1997 BAHT
UNAPPROPRIATED RETAINED EARNINGS		
Retained earnings (deficit) brought forward from prior year - as previously reported	(1,960,886,516)	131,781,021
<u>Less</u> Adjustment for 1997 Directors' fee	(1,170,000)	-
Retained earnings (deficit) brought forward from prior year - after adjustment	(1,962,056,516)	131,781,021
<u>Less</u> Appropriation for prior year		
General reserve	-	(146,400,000)
Reserve for dividend equalization	-	(108,500,000)
Statutory reserve	-	(4,000,000)
Directors' fee	(4,270,000)	(8,736,000)
<u>Add</u> Appropriation for prior year		
Ordinary share capital	1,798,200,000	-
General reserve	2,007,033,000	-
Reserve for dividend equalization	765,000,000	-
Premium on share capital	290,776,835	-
Statutory reserve	55,500,000	-
Net profit (loss) for the year	(16,812,794,135)	(1,825,031,537)
Total unappropriated retained earnings (deficit)	(13,862,610,816)	(1,960,886,516)
APPROPRIATED RETAINED EARNINGS		
Statutory reserve	-	55,500,000
Other reserve	-	2,007,033,000
Reserve for dividend equalization	-	765,000,000
Total appropriated retained earnings	-	2,827,533,000
TOTAL RETAINED EARNINGS (DEFICIT)	(13,862,610,816)	866,646,484

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

	1998 BAHT	1997 BAHT
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss)	(16,812,794,135)	(1,825,031,537)
Items to reconcile net profit to cash received (paid) from operating activities :		
Depreciation and amortization	503,527,658	188,464,173
Bad debt and doubtful accounts	8,617,049,372	2,087,000,000
(Gain) loss from sales of properties foreclosed	(827,120)	(2,282,433)
(Gain) loss from sales of assets	(3,789,525)	(7,916,325)
(Gain) loss on exchange rate revaluation	(397,858,683)	2,237,066,596
Increase (decrease) in interest income and dividend receivable	(1,357,248,650)	(960,955,720)
Increase (decrease) in accrued income - others	(8,594)	(3,734)
Increase in accrued interest payable	(366,428,086)	322,016,962
Decrease (increase) in accrued expenses - others	(33,751,749)	(45,231,659)
Loss from capital decrease in securities for investment	4,585,434,624	-
Profit (Loss) from operation before changes in operating assets and liabilities	(5,266,694,888)	1,993,126,323
Operating assets (increase) decrease		
Deposit, loans included interbank and money market items	(2,584,206,699)	(10,068,438,489)
Properties foreclosed	(152,122,593)	(413,551,619)
Other assets	(14,008,205)	(249,782,649)
Operating liabilities increase (decrease)		
Deposits, borrowings included interbank and money market items	(2,657,404,963)	5,621,474,802
Negotiable certificates of deposit	4,798,900,000	601,700,000
Liabilities payable on demand	(17,775,448)	(17,272,440)
Securities sold under repurchase agreements	(2,204,432,973)	1,407,432,973
Other liabilities	9,139,972	321,242,131
Net cash provided by (used in) operating activities	(8,088,605,797)	(804,068,968)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in securities for investment	(4,169,747,177)	(177,948,294)
Cash received from sales of land, premises and equipment	6,103,716	-
Cash paid for purchasing of land, premises and equipment	(108,221,457)	(284,433,700)
Net cash provided by (used in) investing activities	(4,271,864,918)	(462,381,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Directors' fee	(5,440,000)	(8,736,000)
Cash received from capital increase	12,332,200,000	1,075,000,000
Net cash provided by (used in) financing activities	12,326,760,000	1,066,264,000
Net increase (decrease) in cash and cash equivalents	(33,710,715)	(200,186,962)
Cash and cash equivalents as at January 1,	782,320,045	982,507,007
Cash and cash equivalents as at December 31,	748,609,330	782,320,045
Supplemental disclosures of cash flows information		
Cash paid for the period		
Interest expenses	9,245,663,489	6,513,016,262
Income tax	6,726,086	124,405,589

Notes to the financial statements form an integral part of these statements



BANKTHAI PUBLIC COMPANY LIMITED
(FORMER NAME IS THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

1. REGULATORY REQUIREMENTS

1.1 New regulation regarding allowance for doubtful accounts

On March 31, 1998, the Bank of Thailand announced a new regulation regarding the modification of the basis for non-accrual of interest income, classification of loans, provision for classified loans and other related measures which have effects in phases commencing July 1, 1998 requiring allowance for doubtful accounts being added on a pro rata basis semi-annually through December 31, 2000. The regulation requires banks to categorize their loan portfolios into five categories subject to different levels of provisioning. The regulation also set new interest income accrual and reversal policies and establishes basis to set maximum collateral value to be applied for setting allowance for doubtful accounts. The regulation also imposes requirements upon banks to regularly review the quality of loans and all commitments, including off-balance sheet exposures, and to put in place appropriate risk management systems and controls.

1.2 Other regulatory requirements

The Bank is subject to the Bank of Thailand's various regulatory requirements relating to capital fund adequacy. Under the capital adequacy requirement and the regulatory framework for prompt corrective action, the Bank must apply regulatory accounting practices in calculating the Bank's assets, liabilities and certain off-balance sheet items. The Bank's capital amounts and classification are also subject to the Bank of Thailand's judgement on components, risk weighting, and other factors. However, the capital requirement and the other regulatory framework may be rechanged as the Bank of Thailand sees fit.

2. BASIS FOR PREPARATION OF THE BANK'S FINANCIAL STATEMENTS

2.1 The Bank's financial statements for the year ended December 31, 1998 and 1997 have been prepared in accordance with the Bank of Thailand's notification, regarding the form of the balance sheet and profit and loss statement dated January 23, 1997 and the requirement of the Ministerial Regulation No. 7 (B.E. 2539) under the Public companies Act B.E. 2535 and the Regulation of the Securities Exchange of Thailand and according to the related accounting standard.

2.2 The Bank's financial statements include the accounts of all branches of the Bank, but exclude the accounts of 17 subsidiary companies which are more than 50 percent owned by the Bank and are carried at cost. The subsidiary companies' operation are different from the Bank's operation and their financial position together with operating results are considered immaterial to the Bank's financial position as disclose in note 3.4.2 and 6.2.3 to the financial statements.

2.3 The Bank has reclassified some items in the financial statements ended December 31, 1997, for comparison with the financial statements ended December 31, 1998.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of revenues

In 1998, the Bank recognizes interest and discounts on loans as income on an accrual basis, except for interest on loans which are overdue over 3 months and discounts received in advance from purchasing promissory notes on discount are recognized when received. (see Note 5)

In 1997, the Bank recognize interest and discounts on loans as income on an accrual basis, except for interest on loans which are overdue over 6 months where the collateral is considered lower than the obligation, or over 12 months where the collateral is considered higher than the obligation, and discounts received in advance relating to promissory notes purchased on discount are recognized when received.

Interest income from securities is recognized on an accrual basis and dividend income is recognized on a cash basis.

3.2 Recognition of interest expense

The Bank recognizes interest expense on an accrual basis.



3.3 Foreign currencies transaction

Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities in foreign currencies and forward exchange contracts at the end of the period are converted at the average rates, as determined by the Notification of the Bank of Thailand.

Gains or losses from foreign exchange transactions, and translation gains or losses are taken up in the profit and loss statement.

The different between forward contract rate and spot rate at the transaction date for the year ended December 31, 1998 are realized as gain or loss on exchange over the period of contract. For the year ended December 31, 1997 gains or losses are realized on their due dates. (see Note 4.1)

The Bank extends import and export credits, and helps customers to minimize risks on the fluctuation of exchange rates but does not speculate in trading of foreign currencies. The bank is aware of risks from foreign interest rates which may occur from mismatching of assets and liabilities, therefore, the Bank has set up the operating procedures in order to minimize the risk from foreign exchange position and interest rate fluctuation.

3.4 Investment in securities

3.4.1 Investment in securities are stated at the lower of aggregate cost or market, except as stated in Note 3.4.2, market values of securities are calculated on the following bases :

3.4.1.1 For government securities and securities guaranteed by the Government, market values are calculated by using the Bank of Thailand formula, based on the risk free yield curve of a bank. For government bonds and state enterprise bonds without guarantee, the calculation is based on the aforementioned yield curve adjusted by appropriate risk premium.

3.4.1.2 For private sector's debt instruments and equity securities which are listed securities and securities in Bangkok Stock Dealing Center, market values are the closing prices on the last business day of the period at the Stock Exchange of Thailand and Bangkok Stock Dealing Center respectively.

3.4.1.3 For private sector's debt instruments which are non-listed securities, the last closing prices of the Thai Bond Dealing Center are used as market values. In the absence of such prices, market values are determined by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the Bank of Thailand.

3.4.1.4 For unit trusts which are non-listed securities, market values are the net assets values of those unit trusts.

3.4.2 Share securities which are non-listed securities in local and foreign countries including other securities which are investment in subsidiaries and associated companies are stated at cost, except where a permanent decline in value is deemed to have occurred.

3.4.3 Where the investment is stated at the lower of cost or market value, and the aggregate market value is lower than aggregate cost, in the case of securities for trading, the loss is recognized in the profit and loss statement, and in the case of securities for investment, the loss is shown as a deduction from the shareholder's equity for a temporary decline in market value, and charged to the profit and loss statement for a permanent decline in market value.

3.4.4 Cost of securities sold during the year is calculated by the moving weighted average method.

3.5 Overdraft is stated at drawn amount including interest ; loans and bills receivable are stated at the principal amounts.

3.6 Allowance for doubtful accounts

The provision for loan losses is determined in accordance with the requirements of the Notification of the Bank of Thailand and based on the analysis of outstanding loans according to the Bank's experience in assessing the risks involved and the value of collateral for the loans, and also after consideration of the result of classification of debts as prepared by the Bank of Thailand. However, if future economic and business conditions differ substantially from the assumptions used by the Bank in making such assessment, the Bank may need to provide additional allowance as appropriate.



The Bank of Thailand has set guidelines for establishing a minimum level of allowance for doubtful accounts, which apply specified percentages to the differing classifications of loans. The period that a loan is past due is the principle criteria utilized in classifying a loan, with the appraised value of collateral being considered in some circumstances. Continued economic turmoil in Thailand and the Asia Pacific region may cause further deterioration in debt repayment capability and value of collateral resulting an increase in loans being classified as non-performing. The guidelines for establishing the minimum level of allowance for doubtful accounts have periodically changed. As at December 31, 1998, the Bank has provided allowance for doubtful accounts for loans and receivable which are classified according to the new guidelines established by the Bank of Thailand. (see Note 1.1).

As at December 31, 1997, the Bank has provided allowance for doubtful accounts for loans and receivables which are classified under the guidelines established by the Bank of Thailand. The allowance for bad and doubtful accounts has been made in full, and for substandard loans as at June 30, 1997 is made at 15 %, but not less than 50 % of total provision required. The allowance is in accordance with the requirements of the Notification of the Bank of Thailand dated November 12, 1997 regarding official guidelines and policies in improving the standards of financial institution supervision.

The increase in allowance for doubtful accounts is recorded as an expense in June and December. (see Note 6.4)

Bad debts recovered are recorded as an increase in the allowance for doubtful accounts.

Bad debts written off are recorded as a charge to the allowance for doubtful accounts.

Non-performing loan, the loan is classified as non-performing loan by account instead of by customer. Consequently, if one account is classified as non-performing loan, other accounts of the same customer may not be classified non-performing loan if their interest payment is current. In addition, delinquent period of the loan is calculated from the first maturity date with no payment in accordance with the Notification of the Bank of Thailand. In order to follow the new Bank of Thailand notification, if one customer has many accounts with different classification, the bank will classify every accounts of that customer the same category which is the lowest category.

3.7 Properties foreclosed

Properties foreclosed are immovable properties which are stated at the lower of cost or market value at the date of acquisition.

Gain or loss on properties foreclosed are recognized at the date of disposal.

3.8 Property, premises and equipment

Property, premises and equipment are stated at cost. Lease is stated at cost less accumulated amortization within the lease period.

In 1993, land were appraised by using appraisal value of Land Department and premises were appraised by professional appraisers in line with the guidelines of the Bank of Thailand. The increments resulting from land and premises appraisal amounting to Baht 587.36 million and Baht 222.56 million respectively, being already approved by the Bank of Thailand, were recorded in the accounts as unrealized increment per land appraisal and per premises appraisal and presented under shareholders' equity.

In 1998, land were appraised by using appraisal value of Land Department and premises were appraised by professional appraisers in line with guidelines of the Bank of Thailand. The increments resulting from the appraisal, were recorded in the account as unrealized increment per land and buildings appraisal of Baht 264,040,058 and presented under shareholders' equity. The Bank is obtaining an approval from the Bank of Thailand to apply the incremental value as second tier capital. (The Bank reappraise land and buildings with cost over 20 million baht by using the outside professional appraisers. The incremental value of Baht 210.45 million as at January 31, 1999 will be used to calculate the bank share value for amalgamation. see Note 9)

Depreciation for the premises appraisal increase is deducted from unrealized increment per premises appraisal account.



Depreciation and amortization are calculated by the straight-line method, based on the estimated useful lives of the assets and the lease tenures.

Premises	20 - 40	years
Equipment	5 - 10	years
Leasehold	3 - 30	years

3.9 Staff leaving gratuity

In 1998, The Bank has a staff leaving gratuity scheme for its employees who have completed ten years' service and leaving employment on specified causes, based on the length of service and the last salary paid. Such gratuities are recognized on an accrual basis based on the length of service. (see Note 4.2)

In 1997, The Bank has a staff leaving gratuity scheme for its employees who have completed ten years' service and leaving employment on specified causes, based on the length of service and the last salary paid. Such gratuities are expensed in the period in which they are paid.

3.10 Contributions to the Financial Institution Development Fund

Contributions to the Financial Institution Development Fund is recorded as expense for the period.

3.11 Income Tax

Income tax payable is recorded as an expense for the period.

3.12 Expense for development and modification of computer system.

Expense to develop computer system of which the amount is substantial is recorded as an assets.

Expense to modify computer system to resolve the millennium bug (Y2K) is recorded as expense in the period which it occur.

3.13 Net profit (loss) per share

Net profit (loss) per share is computed on the basis of number of outstanding ordinary shares at the balance sheet date. In case of a capital increase, the number of shares are weighted according to time of registration of paid-up capital increase.

4 . CHANGE IN ACCOUNTING POLICY

4.1 The Bank has changed the accounting procedure since the quarter ended March 31, 1998, from realizing profit or loss on the different between the forward contract rates and spot rate on their due dates to realizing profit or loss over the tenure of the forward contracts. The change in accounting policy has no material effect on the financial statements. (see Note 3.3)

4.2 The Bank has changed, since September 1998, the accounting procedure for staff leaving gratuity scheme for its employees who have completed ten years service and leaving employment on specified cause, from recorded as expenses in the period in which they are paid to an accrual basis basing on the length of service. As a result, expense increase in the amount of Baht 345.04 million in 1998. (see Note 3.9)

5 . CHANGE IN ACCOUNTING ESTIMATION

In 1998, the Bank changed the procedure for recording the accrued interest receivable from accruing on all debtors except those which are overdue over 6 months and debtors which have adequate collateral could be accrued up to 12 months to accruing on all debtors except those which are overdue over 6 months until the end of September 1998. This is in accordance with the announcement of the Bank of Thailand dated November 12, 1997. Since October 1998, the Bank has changed the procedure for recording the accrued interest receivable to accrue interest on all debtors except those which are overdue over 3 months.



6. ADDITIONAL INFORMATION

6.1 Interbank and money market items (Assets)

	Unit : Baht		
	December 31, 1998		
	Demand	Time	Total
Domestic items			
Bank of Thailand	2,483,285,690	-	2,483,285,690
Commercial banks	54,011,701	28,786,811	82,798,512
Other banks	1,801,892	-	1,801,892
Finance companies, Finance and securities Companies, Securities Companies and Credit Foncier Companies	1,260,606,221	4,887,080,579	6,147,686,800
Other financial institutions	29,429,167	-	29,429,167
Total domestic items	3,829,134,671	4,915,867,390	8,745,002,061
Foreign items			
USD	1,429,511,400	413,440,160	1,842,951,560
YEN	5,898,184	-	5,898,184
DM	1,910,620	-	1,910,620
Others	21,613,343	-	21,613,343
Total foreign items	1,458,933,547	413,440,160	1,872,373,707
Total domestic and foreign items	5,288,068,218	5,329,307,550	10,617,375,768

	Unit : Baht		
	December 31, 1997		
	Demand	Time	Total
Domestic items			
Bank of Thailand	674,095,777	-	674,095,777
Commercial banks	131,094,114	-	131,094,114
Other banks	1,123,642	-	1,123,642
Finance companies, Finance and securities Companies, Securities Companies and Credit Foncier Companies	4,543,415,441	-	4,543,415,441
Other financial institutions	40,454,875	-	40,454,875
Total domestic items	5,390,183,849	-	5,390,183,849
Foreign items			
USD	103,496,089	556,169,576	659,665,665
YEN	54,379,476	-	54,379,476
DM	23,205,034	-	23,205,034
Others	88,781,132	-	88,781,132
Total foreign items	269,861,731	556,169,576	826,031,307
Total domestic and foreign items	5,660,045,580	556,169,576	6,216,215,156

As at December 31, 1998 and 1997 the Bank has loans to financial institutions which have been closed down by the Ministry of Finance since December 8, 1997 in the amount of Baht 1,808,386,273 and Baht 1,807,391,215 respectively. The Bank has applied for exchange of the loans to NCDs of Krung Thai Bank Public Company Limited for Baht 1,355,671,556 in this period. The balance is fully provided. (included in allowance for doubtful accounts see Note 6.4)



6.2 Investment in securities
6.2.1 Securities for investment

	Unit : Baht			
	December 31			
	1998		1997	
	Cost	Market Value	Cost	Market Value
Debt instruments				
Government and state enterprise securities	4,122,176,299	4,122,176,299	2,325,000,588	2,000,477,953
Corporate debt instruments	850,000,000	-	728,000,000	728,000,000
Total	4,972,176,299	4,122,176,299	3,053,000,588	2,728,477,953
Less Allowance for diminution in value of securities	(850,000,000)	-	(324,522,635)	-
Debt instruments - net	4,122,176,299	4,122,176,299	2,728,477,953	2,728,477,953
Shares				
Listed securities	279,116,916	137,233,381	308,540,804	102,423,852
Foreign securities	7,602,754	7,602,754	3,608,159	9,661,428
Other securities	886,109,864	293,620,065	1,897,528,546	1,855,895,266
Total	1,172,829,534	438,456,200	2,209,677,509	1,967,980,546
Less Allowance for diminution in value of securities	(734,373,001)	-	(241,696,963)	-
Shares - net	438,456,533	438,456,200	1,967,980,546	1,967,980,546
Total securities for investment - net	4,560,632,832	4,560,632,499	4,696,458,499	4,696,458,499

6.2.2 The Bank has investment in companies which have financial and operating result problems, as defined in the Guidelines of SEC letter no. gor lor tor. jor. 1144/2541 dated July 8, 1998 regarding the Quality of Assets and Related Parties Transactions, thus affects the Banks' financial position and operating result as at December 31, 1998 as follows :

The Bank has investment in ordinary shares of two companies which have been under delisting criteria by the SEC, the cost of which was Baht 1,920,780 and the market value Baht 8,020. The Bank has set up an allowance for diminution in value Baht 1,912,000.

The Bank has investment in a listed financial institution Union Asia Finance Public Company Limited which was intervened and ordered to decrease and increase the share capital by the Bank of Thailand on May 18, 1998, the cost is Baht 8,274,000 of which Baht 8,273,547 is written off. The balance of the investment is Baht 453 as at June 30, 1998. The Bank has investment in a non-listed financial institution (Vajradhanathun Finance Company Limited) which was intervened by the Bank of Thailand on August 13, 1998, the cost is Baht 3,133,094,929 of which Baht 3,131,559,611 is written off. The balance of the investment is Baht 1,535,318. (see Note 6.2.3)

As at December 31, 1997, the Bank has investment in financial institutions which were closed down by the Ministry of Finance on December 8, 1997. The Bank has written off the investment in the financial institutions to Baht 0.10 per share, resulting in the remaining value of Baht 326,660. As at December 31, 1998 the Bank makes the provision for diminution in value of securities Baht 320,000, resulting in the remaining value of capital stock Baht 6,660 and warrant Baht 333.



6.2.3 Investment in companies which the Bank holds more than 20% of the paid-up capital are presented in the financial statements, by percentage of beneficial ownership and investment amount as follows :

	December 31			
	1998		1997	
	Percentage of ownership	amount	Percentage of ownership	amount
Unit : Baht				
Called and fully paid-up				
1 Vajiradhanathun Finance Co., Ltd.			72.81	1,109,030,026
2 Vajiradhanasin Insurance Co., Ltd.	92.00	398,741,923	92.00	398,741,922
3 One Asset Management Limited	25.00	25,000,000	25.00	25,000,000
4 P.C. Pattanasub Co., Ltd.	100.00	1,000,000	100.00	1,000,000
5 R.S. Sahakij Co., Ltd.	100.00	1,000,000	100.00	1,000,000
6 L.K. Business Co., Ltd.	100.00	1,000,000	100.00	1,000,000
7 S.S. Subtavee Co., Ltd.	100.00	1,000,000	100.00	1,000,000
8 S.C. Settakarn Co., Ltd.	100.00	1,000,000	100.00	1,000,000
9 Sahasin Leasing Co., Ltd.	100.00	1,000,000	100.00	1,000,000
25.00 % Called and paid-up				
10 Rungrueng Sahakarn Co., Ltd.	100.00	250,000	100.00	250,000
11 Sahasup Dhamrong Co., Ltd.	100.00	250,000	100.00	250,000
12 R.S. Sahamongkol Co., Ltd.	100.00	250,000	100.00	250,000
13 P.C. Sahapatara Co., Ltd.	100.00	250,000	100.00	250,000
14 P.S. Sahapol Co., Ltd.	100.00	250,000	100.00	250,000
15 L.A. Union Co., Ltd.	100.00	250,000	100.00	250,000
16 S.C. Sahakij Co., Ltd.	100.00	250,000	100.00	250,000
17 Panichsahakij Co., Ltd.	100.00	250,000	100.00	250,000
18 L.K. Settakarn Co., Ltd.	100.00	250,000	100.00	250,000
19 Sahadhanabodee Co., Ltd.	100.00	250,000	100.00	250,000
		432,241,923		1,541,271,948
Less Allowance for diminution in value of securities		(320,670,000)		
Total		111,571,923		1,541,271,948

The Bank has investment in Vajiradhanathun Finance Company Limited, with carrying cost brought forward on January 1, 1998 Baht 1,109,030,026 representing 72.81 percent.

During the first half ended June 30, 1998, the Bank bought additional shares of that company, therefore, the investments amount increase to Baht 3,133,094,929 representing 99.05 percent.

On August 13, 1998 the Bank of Thailand ordered Vajiradhanathun Finance Company Limited to reduce existing capital and raise new capital, therefore, the Bank made provision for diminution in value for Baht 3,131,599,611. The Bank wrote off the allowance for diminution in value of the investment in the second half of 1998. Thus the balance of investment in VF is Baht 1,535,318 at the end of December 1998, or 0.15% of its paid-up capital.

The unaudited and unreviewed financial position and the result of operations for the year ended December 31, 1998 and 1997 of Vajiradhanasin Insurance Company Limited are as follows :

	December 31	
	1998	1997
	Unit : Baht	
Assets	278,481,364	300,924,099
Liabilities	189,473,037	209,576,920
Paid-up capital	200,000,000	200,000,000
Unrealized loss from investment		(9,447,567)
Retained earnings (deficit)	(110,991,673)	(99,205,255)
Net profit (Loss) for the year	(11,786,418)	(3,692,263)



Investment in subsidiaries and associated companies are stated at cost, in accordance with procedures and conditions specified in the Notification of the Bank of Thailand No. TorPorTor. Nor Wor. (Wor) 370/2538 for presentation of investment in subsidiary and associated companies dated February 15, 1995.

Had all such investment been presented by the equity method from the financial statements which was unaudited and unreviewed, the effects on the financial statements would be as follows :

	Unit : Baht	
	December 31	
	1998	1997
Increase in investment-other securities	10,867,385	-
Decrease in investment-other securities	-	1,475,819,837
Increase in other liabilities	16,549,191	-
Decrease in retained earnings	329,468,014	269,531,560
Decrease in net loss for the year	323,786,207	-
Decrease in net profit for the year	-	1,206,288,277
Decrease in net profit per share	-	11.43
Decrease in net loss per share	0.0008	-

6.2.4 Securities for investment in capital stock of which the Bank holds less than 20% of the paid-up capital in each company, classified according to industrial groups are as follows :

	Unit : Baht	
	December 31	
	1998	1997
Manufacturing	197,758,732	197,758,732
Banking and finance	54,897,851	57,662,160
Services	90,657,334	90,636,660
Others	69,505,258	70,705,259
	412,819,175	416,762,811
<u>Less</u> Allowance for diminution in value of securities	(205,231,482)	-
Total	207,587,693	416,762,811

6.2.5 Securities used as collateral

Government bonds, Bank of Thailand bonds and state enterprise bonds, used as collateral against borrowings and the Bank's promissory notes and other commitment with state enterprise, are as follows :

	Unit : Baht	
	December 31	
	1998	1997
Borrowing from the Bank of Thailand	-	2,211,000,000
Electricity	3,858,000	3,637,000
Land lease	-	12,000
	3,858,000	2,214,649,000

6.3 Loans

6.3.1 Classified by products

	Unit : Baht	
	December 31	
	1998	1997
Overdraft	13,949,637,046	14,536,209,961
Loans	25,195,596,544	24,193,018,986
Bills	12,960,617,180	17,009,366,015
Others	3,236,600,018	1,786,339,354
Total	55,342,450,788	57,524,934,316



6.3.2 Classified by maturity

	Unit : Baht	
	December 31	
	1998	1997
Up to 1 year *	38,781,386,182	36,475,060,900
Over 1 year	16,561,064,606	21,049,873,416
Total	55,342,450,788	57,524,934,316

* including no loan agreements and matured agreements

6.3.3 Classified by currency and customer domiciles

	Unit : Baht		
	December 31, 1998		
	Domestic	Foreign	Total
Baht	54,628,370,959	-	54,628,370,959
USD	547,591,997	166,101,251	713,693,248
Others	386,581	-	386,581
Total	55,176,349,537	166,101,251	55,342,450,788

	Unit : Baht		
	December 31, 1997		
	Domestic	Foreign	Total
Baht	52,401,317,101	-	52,401,317,101
USD	3,311,980,794	753,536,733	4,065,517,527
Others	1,058,099,688	-	1,058,099,688
Total	56,771,397,583	753,536,733	57,524,934,316

6.3.4 Classified by business types

	Unit : Baht	
	December 31	
	1998	1997
Agriculture and mining	2,708,435,735	3,358,755,690
Industrial and commercial	26,478,074,247	27,032,811,916
Real estate and construction	11,483,849,118	11,167,040,364
Utilities and services	7,597,568,727	7,817,531,687
Housing loans	5,986,988,944	6,915,840,211
Others	1,087,534,017	1,232,954,448
Total	55,342,450,788	57,524,934,316

As at December 31, 1997, the loans amounting to Baht 4,462,219,295 are used as collateral for borrowing from the Financial Institution Development Fund (see Note 6.8)

6.4 Allowance for doubtful accounts

	Unit : Baht	
	December 31	
	1998	1997
Beginning balance	2,769,673,555	684,731,124
Doubtful accounts	8,497,437,065	2,087,000,000
Bad debts written off	(10,096,620)	(2,057,569)
Ending balance	11,257,014,000	2,769,673,555

The Bank has classified loans, advances, accrued interest receivables, and allowance for doubtful accounts according to the Bank of Thailand guidelines as at December 31, 1998 as follows :



	Loans (after deduct specified collateral value)	Percentage of provision required by BOT	Provision Amount	Minimum Level allowed by BOT	Provision already made
	BAHT		BAHT	BAHT	BAHT
Normal	16,770,696,000	1	167,706,960	-	-
Special mention	2,255,314,000	2	45,106,280	-	-
Substandard	2,284,283,000	20	456,856,600	-	-
Doubtful	5,444,295,000	50	2,722,147,500	-	-
Doubtful loss	17,699,003,000	100	17,699,003,000	-	-
Loss					
Total	44,453,591,000		21,090,820,340	4,218,164,068	11,257,014,000

The Bank has to provide allowance for doubtful accounts in the amount of Baht 21,090.82 million, the Bank of Thailand allows the Bank to provide on a pro rata basis semi - annually commencing from the second half-year ended December 31, 1998, equal to 20% of required provision and has to fully provide in the accounting period ended December 31, 2000.

As at December 31, 1998, the Bank has allowance for doubtful accounts of Baht 11,257.01 million or 53.37%. The Bank increases allowance for doubtful accounts of Baht 8,624.06 million in January 1999, thus, total provision is Baht 19,881.07 million or 94.26% of total provision required.

As at December 31, 1998 and 1997 the Bank has loans classified as doubtful and loss of which the Bank stops accruing interest for the amount of Baht 38,868.15 million and 14,279.55 million or 62.82% and 27.62% of loans (included money market loans) respectively.

The Bank has loans, advances and accrued interest receivables with companies which have financial problems and negative operation results, the bank provides allowance for such loans and receivables as follows :

	Number	Outstanding Balance	Collaterals	Unit : million Allowance for Doubtful Accounts
1. Closed down financial institutions	10	1,852	1,356	496
2. Financial institutions which were officially intervened and ordered to decrease and increase the share capital	2	1,520	-	15
3. Listed companies that may be subjected to mandatory delisting	7	1,216	582	578
4. Voluntary closed down financial institutions	1	270	-	135
Total	20	4,858	1,938	1,224

6.4.1 Policies and procedures for debt restructuring

To solve the existing problem loans and future problem loans which incur from the economic crisis which effected their business, the Bank emphasizes on customers which have potential to survive and repay the Bank which will maximize benefits to both customers and the Bank. To restructure problem loans always have some losses and have to follow rules, procedures and criterias of the Bank of Thailand as per letter no. thor por tor. ngor (wor). 1837/2541 dated June 2, 1998, regarding the criterias of debt restructuring and the criterias of collateral appraisal for financial institutions and other related order or Bank of Thailand's notification.

In 1998, the Bank restructures the non-performing loans of medium and large corporate customers of which some cases awaiting for board of directors' approval and some are under negotiation for the total amount of Baht 24,470 million. The amount cannot be deducted from the amount of non-performing loans because the process is not complete.

The Bank plans to reduce non-performing loans of Baht 56,662 million (including non-performing loans of amalgamated finance companies) during 1999-2001 which will effect the status of classified loans and the amount of allowance for doubtful accounts. The Bank believes that these efficient policies and procedures will convert the non-performing loans to current and thus improve the Bank's status with a satisfactory level of non-performing loans.



6.5 Property, premises and equipment

	Unit : Baht	
	December 31	
	1998	1997
Land	340,597,094	334,037,094
Land - Appraisal increase	587,361,171	398,184,271
Premises	1,059,478,945	980,405,700
Premises - Appraisal increase	298,892,478	222,556,106
Equipment	1,077,338,327	1,059,260,735
Leasehold (net)	89,757,492	75,637,541
Properties under construction	22,811,112	80,720,199
Others	22,338,331	20,202,966
Total	3,498,574,950	3,171,004,612
Less Accumulated depreciation		
- cost	(1,033,465,646)	(909,375,237)
- appraisal increase	(33,621,796)	(26,447,980)
Total property, premises and equipment (net)	2,431,487,508	2,235,181,395
Depreciation and amortization for the year	162,248,129	143,406,600

6.6 Other assets

As at December 31, 1998, other assets compose of prepaid expenses Baht 20,962,967, deferred expenses Baht 41,767,683, accrued interest receivables Baht 128,900,357, deposits Baht 75,097,079, advances Baht 58,183,986, other assets pending transfer Baht 188,296,462 and other miscellaneous Baht 102,752,539.

The total amount of Baht 615,961,073 less provision for other assets loss of Baht 119,612,307, the net other assets is Baht 496,348,766.

6.7 Deposits

6.7.1 Classified by product

	Unit : Baht	
	December 31	
	1998	1997
Demand	682,299,691	441,809,421
Saving	5,654,371,463	5,815,110,195
Fixed		
- Less than 6 months	43,788,413,254	36,322,915,831
- 6 months to less than 1 years	3,873,860,623	1,395,326,014
- 1 years and over	3,031,210,368	3,821,831,455
Negotiable certificates of deposits	5,400,600,000	601,700,000
Total	62,430,755,399	48,398,692,916

6.7.2 Classified by maturity

	Unit : Baht	
	December 31	
	1998	1997
Up to 1 year	59,399,545,031	48,356,037,216
Over 1 year	3,031,210,368	42,655,700
Total	62,430,755,399	48,398,692,916

6.7.3 Classified by currency and customer domiciles

	Unit : Baht		
	December 31, 1998		
	Domestic	Foreign	Total
Baht	62,370,110,377	54,063,330	62,424,173,707
USD	5,968,869	612,823	6,581,692
Total	62,376,079,246	54,676,153	62,430,755,399



	December 31, 1997		Unit : Baht
	Domestic	Foreign	Total
Baht	48,326,587,921	52,441,033	48,379,028,954
USD	18,756,129	907,833	19,663,962
Total	48,345,344,050	53,348,866	48,398,692,916

6.8 Interbank and money market items (Liabilities)

	December 31, 1998		Unit : Baht
	Demand	Time	Total
Domestic			
Bank of Thailand	-	131,694,800	131,694,800
Commercial banks	9,288,998	-	9,288,998
Other banks	761,623,778	-	761,623,778
Finance companies, Finance and securities Companies, Securities Companies and Credit Foncier Companies	35,573,468	331,004	35,904,472
Other financial institutions	99,713,035	956,653,029	1,056,366,064
Total domestic items	906,199,279	1,088,678,833	1,994,878,112
Foreign items			
USD	79,795,374	-	79,795,374
DM	-	-	-
Others	23,795,615	-	23,795,615
Total foreign items	103,590,989	-	103,590,989
Total domestic and foreign items	1,009,790,268	1,088,678,833	2,098,469,101

	December 31, 1997		Unit : Baht
	Demand	Time	Total
Domestic			
Bank of Thailand and Financial Institution Development Fund	100,000,000	3,711,395,700	3,811,395,700
Commercial banks	721,013,881	1,536,235,000	2,257,248,881
Other banks	1,177,818,500	4,000,000,000	5,177,818,500
Finance companies, Finance and securities Companies, Securities Companies and Credit Foncier Companies	68,086,350	104,806,712	172,893,062
Other financial institutions	24,751,907	59,022,721	83,774,628
Total domestic items	2,091,670,638	9,411,460,133	11,503,130,771
Foreign items			
USD	75,318,489	2,399,988,881	2,475,307,370
DM	-	3,216,068	3,216,068
Others	8,156,516	-	8,156,516
Total foreign items	83,475,005	2,403,204,949	2,486,679,954
Total domestic and foreign items	2,175,145,643	11,814,665,082	13,989,810,725

As at December 31, 1997 interbank and money market items include borrowing from the Financial Institution Development Fund for Baht 2,613,000,000 of which state enterprise bonds and loan assets are used as collateral. (see Notes 6.2.5 and 6.3.4)



6.9 Borrowings

Borrowings by type of instruments and sources are as follows :

	December 31, 1998		Unit : Baht
	Domestic	Foreign	Total
Long Term Borrowing			
Subordinated term-debt 8 years			
matured in 2000 with floating interest rate at 1% over the interest rate for 3 months fixed deposit of a finance and securities company	450,000,000	-	450,000,000
Subordinated term-debt 5 years and 6 months US\$ 40,000,000, matured in 2000, with interest rate at LIBOR+1.50% per annum	-	1,467,520,000	1,467,520,000
Subordinated term-debt 5 years and 6 months US\$ 20,000,000, matured in 2002, with interest rate at LIBOR+1.50% per annum	-	733,760,000	733,760,000
Total	450,000,000	2,201,280,000	2,651,280,000

	December 31, 1997		Unit : Baht
	Domestic	Foreign	Total
Long Term Borrowing			
Subordinated term-debt 8 years			
matured in 2000 with floating interest rate at 1% over the interest rate for 3 months fixed deposit of a finance and securities company	450,000,000	-	450,000,000
Subordinated term-debt 5 years and 6 months US\$ 40,000,000, matured in 2000, with interest rate at LIBOR+1.50% per annum	-	1,889,880,000	1,889,880,000
Subordinated term-debt 5 years and 6 months US\$ 20,000,000, matured in 2002, with interest rate at LIBOR+1.50% per annum	-	944,940,000	944,940,000
Total	450,000,000	2,834,820,000	3,284,820,000

6.10 SHARE CAPITAL

6.10.1 On June 13, 1997, the Civil Court permitted the Bank to issue 5,000,000 ordinary shares to the existing shareholders which the Bank had received temporary injunction orders forbidding it from allotting on July 3 and 7, 1989. The Bank then issued such ordinary shares at Baht 15.00 per share. The shares were fully subscribed and the capital increase was duly registered with the Department of Commercial registration on July 15, 1997.

The shareholders passed a special resolution at an extraordinary of shareholders meeting on August 1, 1997 to increase the registered share capital from Baht 800,000,000 divided into 80,000,000 shares of Baht 10.00 par value each to Baht 1,800,000,000 divided into 180,000,000 shares of Baht 10.00 par value each to the existing shareholders at the ratio of 1.25 new shares to 1 old share, at Baht 10.00 per share. The shares were subscribed amounting to Baht 808,777,970 and the capital increase was duly registered with the Department of Commercial registration on September 11, 1997.

On September 5, 1997, the Board of Directors resolved to issue the remaining ordinary shares after the allotment on August 1, 1997, amounting to Baht 191,222,030. The shares were subscribed and the capital increase was duly registered with the Department of Commercial Registration on October 27, 1997.

6.10.2 On August 14, 1998, Bank of Thailand ordered the Bank to reduce existing capital and raise new capital, details are as follows :

Reduce paid-up share capital by Baht 1,798,200,000 from Baht 1,800,000,000 to Baht 1,800,000, by reducing par value from Baht 10.00 per share to Baht 0.01 per share.



To present the accurate financial position of the Bank by offsetting the reduced paid-up share capital of Baht 1,798,200,000, premium, capital reserve and other reserve which are capital fund and net profit after appropriation against total loss of the period.

Increase registered capital Baht 12,332,200,000 from the remaining Baht 1,800,000 to Baht 12,334,000,000. The new ordinary share will be 1,233,220,000,000 shares at par Baht 0.01 per share. The capital increase will provide new capital fund for the Bank's operation.

To offer the whole new shares to FIDF and register the decrease and increase share capital together with changing the Bank memorandum, articles of association and Board of Directors within 20 days from August 14, 1998.

The Bank has registered the reducing capital and increasing capital with the Registrar of Partnerships and Companies, Department of Commercial Registration, Ministry of Commerce on August 28, and September 1, 1998, respectively.

6.11 CAPITAL FUND

	December 31		Unit : Baht
	1998	1997	
First Tier Capital			
Issued and paid-up share capital	12,334,000,000	1,800,000,000	
Premium on share capital	-	290,776,835	
Statutory reserve	-	55,500,000	
General and other reserves	-	2,772,033,000	
Net profit (loss) after appropriation	(13,862,610,816)	54,108	
	(1,528,610,816)	4,918,363,943	
Second Tier Capital			
Unrealized increment per land and premises appraisal	-	376,783,053	
Subordinated debt instruments	-	990,080,000	
	-	1,366,863,053	
Total capital fund	(1,528,610,816)	6,285,226,996	

The Bank has been unable to meet minimum capital requirements of the Bank of Thailand due to the Bank has to provide allowance for doubtful accounts in line with the new regulation of the Bank of Thailand (see Note 1.1 and 3.6). In addition, the Bank has to increase capital when amalgamates with other financial institutions according to the announcement dated December 22, 1998 of Ministry of Finance regarding the approval of the amalgamation plan between The Union Bank of Bangkok Public Company Limited, Krungthai Thanakit Public Company Limited and 12 finance companies. To conform with the resolution at an Extraordinary General Meeting of shareholders' no. 1/1999 dated January 15, 1999, the Bank, at present, is in the process of increasing capital which will enable the Bank to meet capital requirement.

6.12 CONTINGENCIES

	December 31, 1998		Unit : Baht
	Domestic	Foreign	Total
Avals to bills	245,032,940	5,176,339	250,209,279
Guarantees of loans	104,700,000	567,970,711	672,670,711
Other guarantees	4,099,457,363	109,697,197	4,209,154,560
Customers' liabilities under unmatured bills			
drawn under letter of credit	234,170,587	-	234,170,587
Letter of credit	138,283,845	-	138,283,845
Forward exchange contracts			
Bought	-	630,763,265	630,763,265
Sold	-	941,596,352	941,596,352
Amount of unused bank overdraft	5,595,158,655	-	5,595,158,655
Total	10,416,803,390	2,255,203,864	12,672,007,254



	December 31, 1997		Unit : Baht
	Domestic	Foreign	Total
	Avals to bills	2,641,569,451	447,656,358
Guarantees of loans	166,470,000	2,163,686,775	2,330,156,775
Other guarantees	6,081,247,633	153,669,865	6,234,917,498
Customers' liabilities under unmatured bills			
drawn under letter of credit	916,057,333	-	916,057,333
Letter of credit	684,256,479	-	684,256,479
Forward exchange contracts			
Bought	-	4,801,341,865	4,801,341,865
Sold	-	3,618,219,801	3,618,219,801
Amount of unused bank overdraft	5,648,799,362	-	5,648,799,362
Total	16,138,400,258	11,184,574,664	27,322,974,922

6.13 RELATED TRANSACTIONS

6.13.1 Loans and obligations to certain officers from the level of departmental chief upwards, and to the companies in which they / or the Bank or the Bank's directors hold 10% or more of their paid-up capital are as follows :

	Unit : Baht	
	1998	1997
Loans		
Balance as at December 31,	16,282,893	1,932,622,643
Average balance at the end of the month	473,443,718	1,960,159,494
Contingencies		
Balance as at December 31,	29,056,101	2,541,011,905
Average balance at the end of the month	1,152,556,500	2,610,049,783

6.13.2 The Bank has business transactions with related companies of which the Bank hold 10 percent or have same shareholders. Consequently, the financial statements present effects of such business transactions which determine trading price and other condition according to normal business and general trading condition. Following are said transactions :

December 31, 1998

	Business Type	Registered capital	Ownership	Unit : Baht
				Amount cost method
Called and fully paid-up				
Vajiradhanasin Insurance Co., Ltd.	Insurance	200,000,000	92.00	398,741,922
One Asset Management Limited	Mutual funds	100,000,000	25.00	25,000,000
P.C. Pattanasub Co., Ltd.	Commercial	1,000,000	100.00	1,000,000
R.S. Sahakij Co., Ltd.	Commercial	1,000,000	100.00	1,000,000
L.K. Business Co., Ltd.	Commercial	1,000,000	100.00	1,000,000
S.S. Subtavee Co., Ltd.	Commercial	1,000,000	100.00	1,000,000
S.C. Settakarn Co., Ltd.	Commercial	1,000,000	100.00	1,000,000
Sahasin Leasing Co., Ltd.	Commercial	1,000,000	100.00	1,000,000
25 % called and paid-up				
Rungrueng Sahakarn Co., Ltd.	Commercial	1,000,000	100.00	250,000
Sahasup Dhamrong Co., Ltd.	Commercial	1,000,000	100.00	250,000
R.S. Sahamongkol Co., Ltd.	Commercial	1,000,000	100.00	250,000
P.C. Sahapatara Co., Ltd.	Commercial	1,000,000	100.00	250,000
P.S. Sahapol Co., Ltd.	Commercial	1,000,000	100.00	250,000
L.A. Union Co., Ltd.	Commercial	1,000,000	100.00	250,000
S.C. sahakij Co., Ltd.	Commercial	1,000,000	100.00	250,000
Panichsahakij Co., Ltd.	Commercial	1,000,000	100.00	250,000
L.K. Settakarn Co., Ltd.	Commercial	1,000,000	100.00	250,000
Sahadhanabodee Co., Ltd.	Commercial	1,000,000	100.00	250,000
Total				432,241,922



December 31, 1997

	Business Type	Registered capital	Ownership	Amount cost method	Loans	Unit : Baht Obligations
Called and fully paid-up						
Vajiradhanathun						
Finance Co., Ltd.	Finance	900,000,000	72.81	1,109,030,026	1,535,556,250	2,406,080,804
Vajiradhanasin						
Insurance Co., Ltd.	Insurance	200,000,000	92.00	398,741,922	-	-
One Asset						
Management Limited	Mutual funds	100,000,000	25.00	25,000,000	-	-
P.C. Pattanasub Co., Ltd.	Commercial	1,000,000	100.00	1,000,000	-	10,000,000
R.S. Sahakij Co., Ltd.	Commercial	1,000,000	100.00	1,000,000	-	10,000,000
L.K. Business Co., Ltd.	Commercial	1,000,000	100.00	1,000,000	-	10,000,000
S.S. Subtavee Co., Ltd.	Commercial	1,000,000	100.00	1,000,000	-	10,000,000
S.C. Settakarn Co., Ltd.	Commercial	1,000,000	100.00	1,000,000	-	10,000,000
Sahasin Leasing Co., Ltd.	Commercial	1,000,000	100.00	1,000,000	-	-
25 % called and paid-up						
Rungrueng Sahakarn Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
Sahasup Dhamrong Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
R.S. Sahamongkol Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
P.C. Sahapatara Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
P.S. Sahapol Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
L.A. Union Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
S.C. sahakij Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
Panichsahakij Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
L.K. Settakarn Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
Sahadhanabodee Co., Ltd.	Commercial	1,000,000	100.00	250,000	-	-
Total				1,541,271,948	1,535,556,250	2,456,080,804

6.14 Long-term lease

Some of the Bank branches were built on lease land or rented buildings which have lease term more than 1 year and rental are as follows :

	Period	Unit : Baht Rental	
		December 31	
		1998	1997
Land and/or premises	1 - 3 YEARS	15,374,711	21,434,020
	4 - 5 YEARS	2,837,795	3,799,575
	6 - 10 YEARS	4,607,132	5,913,030
	11 - 30 YEARS	14,040,526	14,040,526

6.15 The financial position and the result of operations classified by domestic and foreign operations

6.15.1 The financial position classified by business.

	Unit : Baht		
	December 31, 1998		
	Domestic	Foreign	Total
Total assets	67,993,503,449	-	67,993,503,449
Interbank and money market items (Assets)	10,617,375,768	-	10,617,375,768
Loans	55,342,450,788	-	55,342,450,788
Investments - net	4,560,632,832	-	4,560,632,832
Deposits	62,430,755,399	-	62,430,755,399
Interbank and money market items (Liabilities)	2,098,469,101	-	2,098,469,101
Borrowings	2,651,280,000	-	2,651,280,000
Contingencies	12,672,007,254	-	12,672,007,254



	December 31, 1997			Unit : Baht
	Domestic	Foreign	Total	
	Total assets	73,352,354,558	-	73,352,354,558
Interbank and money market items(Assets)	6,216,215,156	-	6,216,215,156	
Loans	57,524,934,316	-	57,524,934,316	
Investments - net	4,696,458,499	-	4,696,458,499	
Deposits	48,398,692,916	-	48,398,692,916	
Interbank and money market items(Liabilities)	13,989,810,725	-	13,989,810,725	
Borrowings	3,284,820,000	-	3,284,820,000	
Contingencies	27,322,974,922	-	27,322,974,922	

6.15.2 The result of operations classified by business

	December 31, 1998			Unit : Baht
	Domestic	Foreign	Total	
	Interest and dividend Income	7,228,458,483	-	7,228,458,483
Interest expenses	8,879,235,404	-	8,879,235,404	
Net interest income	(1,650,776,921)	-	(1,650,776,921)	
Bad debt and doubtful accounts	8,617,049,372	-	8,617,049,372	
Non-interest income	363,110,124	-	363,110,124	
Non-interest expenses	6,908,077,966	-	6,908,077,966	
Profit (loss) before income tax	(16,812,794,135)	-	(16,812,794,135)	

	December 31, 1997			Unit : Baht
	Domestic	Foreign	Total	
	Interest and dividend Income	8,059,024,737	-	8,059,024,737
Interest expenses	6,835,033,224	-	6,835,033,224	
Net interest income	1,223,991,513	-	1,223,991,513	
Bad debt and doubtful accounts	2,087,000,000	-	2,087,000,000	
Non-interest income	830,435,202	-	830,435,202	
Non-interest expenses	1,792,458,252	-	1,792,458,252	
Profit (loss) before income tax	(1,825,031,537)	-	(1,825,031,537)	

6.16 FAIR VALUE OF FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of an enterprise and a financial liability or equity instrument of another enterprise. The fair value of the Bank's underlying financial assets and liabilities are determined by calculating the present value of the expected cash flows associated with the financial assets and liabilities.

Financial Assets

The Bank's financial assets, other than investments in debt securities, consist of cash (1.26%), interbank and money market items (17.90%) and loans (93.28%)

The Bank uses different methodologies for determining the fair value. The methodology used depends on the characteristics of the financial instrument and the financial market in which it operates. Financial instruments that have standard terms and conditions and traded in an active and liquid market, such as investments in securities, the quoted market price will be fair value. (see Note 6.2.1)

In other circumstances, the fair value is derived from quoted market rates such as interest rates and foreign exchange rates, which are then subsequently incorporated into generally accepted pricing models, based on discounted cash flow theory, to determine the fair value. The Bank considers that the carrying amount for the remaining classifications (that is, cash, interbank and money market items and loans) approximate the fair value as the financial instruments are either predominantly subject to regular interest rate repricing such as MLR and MOR or if fixed, are of a short term nature.



Financial Liabilities

The Bank's major financial liability classifications are deposits (92.93%) interbank and money market items (3.12%) and borrowings (3.95%). The Bank considers that the carrying amount for deposits and interbank and money market items approximate the fair value for the same reasons described above under Financial Assets

The Bank's borrowings as described in Note 6.9 are for a fixed term at a fixed rate. Accordingly, the fair value would be expected to diverge from the face value to reflect the movement of interest rates. The exception is the borrowings which has been issued at a floating rate.

Forward foreign exchange contracts

The forward foreign exchange contracts bought and sold are mainly not more than 180 days. The principal currency is US. Dollar. (see Note 6.12)

7. PLAN FOR RESOLVING THE MILLENNIUM BUG (Y2K) PROBLEM (Office of the Auditor General as the Bank's auditor does not audit the information of this note.)

The Bank has modified the computer system and equipment to resolve the millennium bug (Y2K) problem since 1997 and has target to complete in 1998. The modification is done by the Bank its self. As of December 31,1998, the progress of such modification for all system is approximately 70%.

Although the Bank believes that it can modify all systems before the coming year 2000, it still has a risk if at that time other companies with whom the bank will do business cannot modify their systems. However, the Bank expects that the impact of Y2K will not materially affect the operation of the Bank.

8. OTHERS

During 1998, the Bank was assessed for its income tax for the period of January 1,1991 - December 31, 1992 which the Revenue Department assesses the income tax per assessment letter no. sor tor. 2/1 004/371/2/100068 dated November 17, 1998. The assessment amounts was Baht 19,457,283. The Bank appealed and has not yet known the results. The Bank do not record this transaction as contingent liability because the Bank received the urgent letter from Bureau of Legal Affairs, Revenue Department, no. gor kor 088/12260 dated August 17, 1998 regarding the corporate income tax in case of deducting allowance for doubtful accounts and loan loss written-off. The letter stated that the Bank has the right to expense both allowance for doubtful accounts and loan loss written-off for computing the income tax. Consequently, the Bank should not be liable to the above assessment letter.

9. EVENTS OCCURRING AFTER BALANCE SHEET DATE

As at October 27,1998, the Cabinet approved the amalgamation plan of the Union Bank of Bangkok Public Company Limited, Krungthai Thanakit Public Company Limited and 12 finance companies which are intervened by the government as follows :

1. Dhana Siam Finance Public Company Limited
2. Nava Finance Public Company Limited
3. Bangkok Asian Finance Company Limited
4. First City Investment Public Company Limited
5. Mahathun Finance Company Limited
6. Vajiradhanathun Finance Company Limited
7. Progressive Finance Company Limited
8. Erawan Trust Finance Company Limited
9. Thai Summit Finance and Securities Company Limited
10. Ksit Finance and Securities Public Company Limited
11. Union Asia Finance Public Company Limited
12. IFCT Finance and Securities Public Company Limited



Minister of Finance by the recommendation of Bank of Thailand issued the announcement of Ministry of Finance dated December 22, 1998 regarding the approval of the amalgamation plan among The Union Bank of Bangkok Public Company Limited, Krungthai Thanakit Public Company Limited and 12 finance companies and ordered the bank to process according to the urgent letter no. gor kor 0303/37597 dated December 22, 1998 as follows :

1. 12 finance companies have to transfer the assets and liabilities to Krungthai Thanakit Public Company Limited.
2. Krungthai Thanakit Public Company Limited has to transfer the assets and liabilities to The Union Bank of Bangkok Public Company Limited.

The Bank received the assets and liabilities of Krungthai Thanakit Public Company Limited including the assets and liabilities of 12 finance companies on February 1, 1999, in accordance with the resolution at an Extraordinary Meeting of shareholders no. 1/1999 dated January 15, 1999 and Assets and Liabilities Transferring Agreement dated January 29, 1999. The significant matters are as follows :

1. The transferred assets and liabilities are valued as at January 31, 1999 with full provision according to the latest Bank of Thailand's report.
2. The transferred assets exclude Hire Purchase loan portfolios and Margin Loans for securities.
3. The transferred liabilities exceed the transferred assets, the Bank receives promissory note from Krungthai Thanakit Public Company Limited to compensate for the difference. The Bank earns interest at the Bank's 3 month fixed deposit rate plus 1 from the promissory note.
4. To complete the amalgamation activities stated in the contract, BankThai Public Company Limited agrees to increase registered capital by issuing ordinary shares for share swap with the shareholders of Krungthai Thanakit Public Company Limited by applying the net book value of shares as of January 31, 1999. To calculate the net book value of shares, will assume that Krung Thai Bank Public Company limited and Financial Institution Development Fund have already increased capital in Krungthai Thanakit Public Company Limited and BankThai Public Company Limited, respectively.

Krungthai Thanakit Public Company Limited has already transferred assets and liabilities to the Bank since February 1, 1999. The accuracy of the transfer will be checked and will adjust the value, prices and amount within 6 months from February 15, 1999.

At the Extraordinary shareholder's meeting no.1/1999, the shareholders approved to change the par value of ordinary share from Baht 0.01 to Baht 10.00 by combining shares and also unanimously approved to increase capital of Baht 40,000 million from Baht 12,334 million to Baht 52,334 million by issuing preferred share 4,000 million shares at par value of Baht 10.00 and offer the whole lot to FIDF at Baht 10.00 per share.

There is an announcement of Ministry of Finance dated December 22, 1998 to exempt fees and taxes for transaction relating to the amalgamation plan among BankThai Public Company Limited, Krungthai Thanakit Public Company Limited and 12 Finance Companies.



APPENDIX

1. COMPANY PROFILE

Name, location, type of business, number and type of fully-paid shares as at December 31, 1998

Name : BankThai Public Company Limited
Registered Number : Bor Mor Jor 480
Registered Date : June 24, 1994
Registered Address : 1600 New Phetchburi Road, Kwang Makkasan, Khet Rajatevee, Bangkok 10320
Type of Business : Commercial Banking
Fully Paid-up share
Type of Shares : Ordinary Share
Number of Shares : 1,233,400,000,000 Share
Par Value : Baht 0.01 per share
Registered Capital
Registered Capital : Baht 12,334,000,000
Fully Paid-up Capital : Baht 12,334,000,000

2. SHAREHOLDERS

LIST OF 10 MAJOR SHAREHOLDER'S NAME AS AT DECEMBER 31, 1998

NO.	NAME OF SHAREHOLDERS	NATIONALITY	SHARES HELD	PERCENTAGE
1	FINANCIAL INSTITUTION DEVELOPMENT FUND	THAI	1,233,220,000,000	99.99
2	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS	THAI	18,448,036	0.00
3	MINISTRY OF FINANCE	THAI	11,874,757	0.00
4	BORONIA HOLDINGS LIMITED	BRITISH	9,000,000	0.00
5	VARNER HOLDINGS LIMITED	BRITISH	9,000,000	0.00
6	KAVITA INVESTMENTS LIMITED	BRITISH	9,000,000	0.00
7	SHEREEN INVESTMENTS LIMITED	BRITISH	9,000,000	0.00
8	PIYANARONG CO., LTD.	THAI	8,358,300	0.00
9	NARONGVAN LTD., PART.	THAI	7,995,420	0.00
10	SAHASIN ENTERPRISE CO., LTD.	THAI	7,184,745	0.00



3. INVESTMENT IN COMPANIES OF WHICH THE BANK HOLDS MORE THAN 10% OF THE PAID-UP CAPITAL, ARE AS FOLLOWS :

Company Name	Location	Type of Business	Type of Shares	Paid-Up Capital	Number of Shares Withheld	Ownership %
1. T.P.F. Leasing Co.,Ltd.	Bangkok	Leasing	Ordinary	6,000,000	600,000	10.00
2. Toon Ruam Karn Co., Ltd.	Bangkok	Service	Ordinary	240,000	40,000	16.67
3. Panichsahakij Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
4. P.C. Patanasub Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
5. P.C. Sahapatara Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
6. P.S. Sahaphol Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
7. Rungrueng Sahakarn Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
8. Vajirathanasin Insurance Co., Ltd.	Bangkok	Insurance	Ordinary	2,000,000	1,840,000	92.00
9. Sahasubthamrong Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
10. Sahadhanabodee Co., Ltd.	Bangkok	Real Estate	Ordinary	10,000	10,000	100.00
11. Sahasin Leasing Co., Ltd.	Bangkok	Leasing	Ordinary	10,000	10,000	100.00
12. Asset Insurance Co., Ltd.	Bangkok	Insurance	Ordinary	15,000,000	1,500,000	10.00
13. One Asset Management Limited	Bangkok	Management of Unit Trust	Ordinary	10,000,000	2,500,000	25.00
14. R.S. Sahakij Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
15. R.S. Sahamongkol Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
16. S.C. Sahakij Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
17. S.C. Sethakarn Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
18. S-One Capital Co., Ltd.	Bangkok	Leasing	Ordinary	30,000,000	3,000,000	10.00
19. S.S. Subtavee Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
20. L.A. Union Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
21. L.K. Business Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
22. L.K. Sethakarn Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00

4. OTHER REFERENCES

Transfer Agent and Registrar

Thailand Securities Depository Co.,Ltd.

The Stock Exchange of Thailand Tower, 4th, 6-7th Floor,
62 Ratchadaphisek Road, Khlong Toey, Bangkok 10110
Tel. 359-1200-01

Auditor

Mr. Nontaphon Nimsomboon - Auditor General

Mr. Prathan Drabphet - Second Auditor General

Ms. Virairat Anyamanerat - Auditor in Charge Level 8

Office of the Auditor General

Soi Aree Samphan, Rama VI, Phayathai, Bangkok 10400

Tel. 273-9674-91

**Merger Advisor**

PricewaterhouseCoopers
Sathon City Tower, 10th Floor,
Sathon, Thungmahamek, Bangkok 10120
Tel. 679-6444
Fax. 679-6493-5

Legal Consultant

The Dharmniti International Co.,Ltd.
Nai Lert Tower, 4th Floor,
2/4 Wireless Road, Lumpini, Bangkok 10330
Tel. 267-8960, 267-8970
Fax. 267-8952-4

Reorganisation Consultant

Bank of America NT&SA
2/2 Wireless Road, Lumpini, Bangkok 10330, Thailand
Tel. 251-6333
Fax. 254-4003, 253-1905
315 Montgomery Street, 9th Floor,
San Francisco, CA 94104
Tel. 415/953-1436
Fax. 415/953-1445

5. REMUNERATION FOR MANAGEMENT

Compensation of Board members received from the Bank as at December 31, 1998

List of the Board of Directors of BankThai Public Company Limited

		Amount (Baht)
		1998
1.	Dr.Kovit Poshyananda Chairman	306,903.23
2.	Mr.Viset Choopiban Vice Chairman	209,483.87
3.	Mr.Phirasilp Subhapholsiri President	-
4.	Mr.Bodin Asavanich Director	146,580.65
5.	Mrs.Duangphorn Sucharittanuwat Director	-
6.	Mr.Sukhum Yongvanijchit Director	-
7.	Mr.Chaiporn Sooksripaisarnkit Director	-
8.	Dr. Prabhas Chakkaphak Chairman	1,390,193.55
9.	Dr. Chalermchai Vasinondha Vice Chairman	189,000.00
10.	Mr. Pradhan Duangratana Director	119,000.00
11.	Mr. Sujetana Seksarn Director	119,000.00
12.	Mr. Mounir Ben Slimane Director	119,000.00
13.	Mr. Mark Leo Leonard Director	119,000.00
14.	Miss Serene Ho Oi Khuen Director	102,000.00
15.	Mr. Piyabutr Cholvijarn President & Chief Executive Officer	239,000.00
16.	Mr. Rangsin Suebsaeng Director & Executive Vice President	239,000.00
17.	Mr. Goanpot Asvinvichit Director & Executive Vice President	239,000.00



6. BOARD OF DIRECTORS AND BOARD OF EXECUTIVE DIRECTORS

Dr. Kovit Poshyananda Chairman

Age 63

Education : Ph.D., Cornell University U.S.A.

Current Position : Chairman - the EXIM Bank, Member - the Legal Drafting Committee of the Council of State., Distinguished Professor - Chulalongkorn University, Director - the National Research Council (Economic), Expert Member to Committee of the Officials' Gratuity and Pension Fund, Member - Walailuck University Council

No. of shares held (as of December 31, 1998) 2 shares

Mr. Viset Choopiban Vice Chairman

Age 53

Education : Master of Electrical Engineering, Chulalongkorn University

Current Position : Executive Director - Downstream Oil Sector Group., Acting President - PTT International., Chairman - PTT Philippines, Inc., Director - PetroAsia (Mao Ming) Co., Ltd., Director - PetroAsia (Shantou) Co., Ltd., Director - Bangkok Aviation Fuel Services., Plc., Director - Thai Petroleum Pipeline Co., Ltd., Member Council of Trustees - The Petroleum Institute of Thailand., Director - Subic Bay Energy Co., Ltd., Director - Krungthai Thanakit., Plc.

No. of shares held (as of December 31, 1998) 1 share

Mr. Bodin Asavanich Director

Age 54

Education : Master of Comparative Jurisprudence, New York University, U.S.A.

: Master of Law (General), New York University, U.S.A.

: Stanford Executive Program, Stanford University, U.S.A.

Current Position : Group General Counsel & Manager of Legal Divisions - The Siam Cement., Plc., Advisor - Listed Companies Association., Chairman of the Legal Committee - The Federation of Thailand Industries., Deputy Secretary General - The Federation of Thailand Industries., Deputy Secretary General - Industries Development Foundation, The Federation of Thai Industries., Member of Committee on Business Laws - Thai Chamber of Commerce., Director - Krungthai Legal Services Co., Ltd., Member of Sub-committee - Dealing with the Reform of Law Relating to Industries Commerce and Transportation, The Law Reform Commission of the Council of State, Member - the Legal Development Committee of the Council of State, Member of Sub-committee for Development of Law Concerning Information Technology. Director - Krungthai Thanakit., Plc.,

No. of shares held (as of December 31, 1998) 2 shares

Mr. Phirasilp Subhapholsiri President

Age 45

Education : B.A. (Business Administration), Yokohama National University, Japan

Current Position : Director, Executive Director and President - Krungthai Thanakit., Plc., Vice Chairman - Rattanakosin Technology Co., Ltd.

No. of shares held (as of December 31, 1998) 2 shares

Ms. Duangphorn Sucharittanuwat Director

Age 46

Education : M.B.A., Thammasat University

Current Position : Director - Interlife John Hancock Assurance., Plc., Director - Thailand Management Association (TMA), Director, Executive Director and Senior Executive Vice President - Krungthai Thanakit., Plc., Chairman - KTT Leasing Co., Ltd.

No. of shares held (as of December 31, 1998) 2 shares



Mr. Sukhum Yongvanijchit Director

Age 55

Education : M.A. Accounting, University of Missouri, U.S.A.

Current Position : Director - Intrara Insurance, Plc., Director, Executive Director and Senior Executive Vice President - Krungthai Thanakit, Plc., Director - KTT Leasing Co., Ltd.

No. of shares held (as of December 31, 1998) 2 shares

Mr. Chaiporn Sooksripaisarnkit Director

Age 43

Education : B.A. Assumption Business Administration College (ABAC)

Current Position : Director, Executive Director and Advisor to the President - Krungthai Thanakit, Plc.

No. of shares held (as of December 31, 1998) 2 shares

Ms. Suttharug Panya First Vice President

Age 45

Education : Bachelor's Degree in Accounting, Chulalongkorn University

: Master's Degree in Accounting, Chulalongkorn University

: Advanced Management Program for Overseas Bankers, The Wharton School, University of Pennsylvania, U.S.A.

Date of joined the Bank : June 1, 1987

Working Experience : Vice President - Planning and Budgeting Department, Acting Vice President - Accounting Department

Current Position : Executive Director - Vajiradhanasin Insurance Co., Ltd., Executive Director, President & Director and Treasurer of an association - Rural Development Foundation under the patronage., Executive Director - Rural Urban Development Fund, Office of the Social Fund

No. of shares held (as of December 31, 1998) -

Mr. Prawit Kitpaisalrattana First Vice President

Age 46

Education : Bachelor's Degree in Accounting, Thammasat University

: Master's Degree in Accounting, Thammasat University

: Advanced Management Program for Overseas Bankers, The Wharton School, University of Pennsylvania, U.S.A.

Date of joined the Bank : November 2, 1987

Working Experience : Vice President - Branch Administration Department

Current Position : Executive Director - Vajiradhanasin Insurance Co., Ltd.

No. of shares held (as of December 31, 1998) -

Mr. Songwud Boakhem First Vice President

Age 46

Education : Bachelor's Degree in Accounting, Thammasat University

: Master's Degree in Law, Thammasat University

: M.B.A. Kasetsart University

Date of joined the Bank : December 3, 1990

Working Experience : Vice President - Credit Control and Workout Department, Acting Vice President - Legal Department

No. of shares held (as of December 31, 1998) 3,462 shares



Mr. Kitti Gajanandana First Vice President

Age 47

Education : Bachelor's Degree in Accounting, Chulalongkorn University

: M.B.A. (Marketing) University of North Texas, U.S.A.

Date of joined the Bank : April 3, 1995

Working Experience : First Vice President - Treasury and Foreign Currency Trading Department, Siam City Bank., Plc.

Current Position : Director and Executive Director - Vajira Securities Co., Ltd., Director - Tada Co., Ltd., Audit Director - Thai-British Securities Printing Plc.

No. of shares held (as of December 31, 1998) -

Mr. Grunt Wattanathum First Vice President

Age 45

Education : Bachelor's Degree in Accounting, Thammasat University

: M.B.A. Sul Ross State University, U.S.A.

Date of joined the Bank : October 1, 1996

No. of shares held (as of December 31, 1998) -

Mr. Krisda Sribunnak Vice President - Office of Training

Age 45

Education : Bachelor's Degree in Law, Thammasat University

: M.B.A. Kasetsart University

Date of joined the Bank : November 1, 1988

Working Experience : Second Vice President - Branch Administration Department, Vice President - Organisation and System Development Department

No. of shares held (as of December 31, 1998) -

Ms. Jirayu Khoompeeti Vice President - Information Department

Age 39

Education : Bachelor's Degree in Accounting, Chulalongkorn University

: Master's Degree in Accounting, Chulalongkorn University

Date of joined the Bank : March 11, 1996

Working Experience : Second Vice President - Accounting Department

No. of shares held (as of December 31, 1998) -

Ms. Chutima Mekasawat Vice President - Commercial Marketing Department

Age 39

Education : Bachelor's Degree in Economic (1st class hon.), Kasetsart University

Date of joined the Bank : January 2, 1992

Working Experience : Second Vice President - Commercial Marketing Department

Current Position : Director - S-One Capital Co., Ltd.

No. of shares held (as of December 31, 1998) -

Mr. Chanin Veerawan Vice President - Branch Administration Department

Age 47

Education : Bachelor's Degree in Business, Thammasat University

: M.B.A. Kasetsart University

Date of joined the Bank : October 16, 1990



Working Experience : Vice President - Deposit and Domestic Banking Service Promotion Department

Current Position : Director - One Asset Management Co., Ltd.

No. of shares held (as of December 31, 1998) -

Mr. Chaikajohn Thampratheep Vice President - Organisation and System Development Department

Age 44

Education : Bachelor's Degree in Accounting, Thammasat University

: M.B.A., The University of the Thai Chamber of Commerce

Date of joined the Bank : June 16, 1994

Working Experience : Second Vice President - Organisation and System Development Department

No. of shares held (as of December 31, 1998) -

Pol. Capt. Danai Khaophaisarn Vice President - Information Technology Department

Age 47

Education : Bachelor's Degree in Science, Chulalongkorn University

Date of joined the Bank : April 2, 1990

Working Experience : Second Vice President - Computer Department, Bank of Ayudhya., Plc., Assistant Vice President -

Computer Department, Siam City Bank., Plc., Vice President - Computer Center, Sayam Bank.

No. of shares held (as of December 31, 1998) -

Ms. Tipavan Prasitlamkam Vice President - Credit Policy and Risk Management Department

Age 46

Education : Bachelor's Degree in Science (2nd class hon.), Kasetsart University

: Bachelor's Degree in Law (1st class hon.), Sukhothaitammarat University

: Bachelor's Degree in Finance and Banking, Ramkhamhaeng University

: M.B.A., Kasetsart University

Date of joined the Bank : November 16, 1987

Working Experience : Vice President - Commercial Marketing Department

No. of shares held (as of December 31, 1998) -

Mr. Tirapong Tritepchanchai Vice President - Commercial Marketing Department

Age 46

Education : Bachelor's Degree in Law, Ramkhamhaeng University

: M.B.A. (Marketing), Dhurakijpundit University

: Barrister at Law, Institute of Legal Education Thai Bar Association

Date of joined the Bank : May 1, 1976

Working Experience : Second Vice President - Commercial Marketing Department

Current Position : Director - TPF Leasing Co., Ltd.

No. of shares held (as of December 31, 1998) -

Mr. Niwat Kanjanaphoomin Vice President - Credit Card Department

Age 37

Education : Bachelor's Degree in Engineer (Computer), King Mongkut's Institute of Technology Ladkrabang (KMITL)

: M.B.A., Massey University, New Zealand

Date of joined the Bank : April 1, 1996

Current Position : Director - Toon Ruam Karn Co., Ltd.

No. of shares held (as of December 31, 1998) -



Mr. Boonyapongse Chantraourai Vice President - Banking Department

Age 59

Education : Certificate of Banking from the Thai Institute Banking and Finance Association

Date of joined the Bank : January 1, 1963

Working Experience : Manager - Doembang Nangbuat Branch, Nong Khaem Branch, Senior Manager - Petchburi Office

No. of shares held (as of December 31, 1998) -

Ms. Busarat Sihanonth Vice President - Office of the President

Age 46

Education : Bachelor's Degree in Commerce, Chulalongkorn University

: Master's Degree in Public Relations, Boston University, U.S.A.

: Advanced Management Program for Overseas Bankers The Wharton School, University of Pennsylvania, U.S.A.

Date of joined the Bank : November 1, 1979

Working Experience : Secretary of the Board of Director

Current Position : Director and Executive Director - Vajira Securities Co., Ltd., Director - Thai Commercial Bank Public Relation Group.

No. of shares held (as of December 31, 1998) 100,642 shares

Ms. Phanit Wongphaet Vice President - Personnel Department

Age 46

Education : Bachelor's Degree in Political Science (Hons.), Thammasat University

: M.P.A. The Pennsylvania State University, U.S.A.

Date of joined the Bank : July 1, 1975

Working Experience : Second Vice President - Personnel Department, Second Vice President - Administration Department

No. of shares held (as of December 31, 1998) 20,380 shares (increased 17,880 shares)

Mr. Pipat Hongmeesiengsri Vice President - Consumer Mortgage Department

Age 41

Education : Bachelor's Degree in Accounting, Thammasat University

: Master's Degree in Accounting, Thammasat University

Date of joined the Bank : January 2, 1992

Working Experience : Second Vice President - Consumer Marketing Department

Current Position : Director - Vajirathanasin Insurance Co., Ltd.

No. of shares held (as of December 31, 1998) -

Ms. Maleekanya Sagarik Vice President - Treasury Department

Age 43

Education : Bachelor's Degree in Arts, Sirapakorn University

Date of joined the Bank : October 16, 1996

Current Position : Director - One Asset Management Co., Ltd.

No. of shares held (as of December 31, 1998) -

Ms. Sirima Sittisuntorn Vice President - Branch Administration Department

Age 54

Education : Bachelor's Degree in Commerce (Hons.), Thammasat University

Date of joined the Bank : April 1, 1967

Working Experience : Regional Manager - Songkhla Region

Current Position : Treasurer of an association - "Chit Ninpanit" Songkhla Sport Foundation, Songkhla Sport Association, "Gen. Prem Tinsulanonda" Mahawatcherawut School Foundation, "Gen. Prem Tinsulanonda" Songkhla Nursing College Foundation and Songkhla-Mahawatcherawut Foundation.

No. of shares held (as of December 31, 1998) 3,262 shares



Mr. Suphong Limthong Vice President - Administration Department

Age 43

Education : Bachelor's Degree in Accounting, Ramkhamhaeng University

: M.B.A., Kasetsart University

Date of joined the Bank : July 19, 1989

Working Experience : Second Vice President - Branch Administration Department

No. of shares held (as of December 31, 1998) -

Mr. Suwat Cheewakasemsuk Vice President - Audit Department

Age 46

Education : Bachelor's Degree in Accounting, Chiangmai University

Date of joined the Bank : October 16, 1990

Working Experience : Senior Auditor - Bangkok Bank., Second Vice President - Branch Administration Department

No. of shares held (as of December 31, 1998) -

Ms. Sansanee Thanavuth Vice President - Branch Administration Department

Age 51

Education : Bachelor's Degree in Business, Thammasat University

: M.B.A., Kasetsart University

Date of joined the Bank : August 15, 1995

Working Experience : Vice President - Commercial Banking Department

No. of shares held (as of December 31, 1998) -

Ms. Chunil Julniti Senior Regional Manager

Age 53

Education : Bachelor's Degree in General Management, Thammasat University

: Master's Degree in Public Administration, National Institute of Development Administration (NIDA)

Date of joined the Bank : January 1, 1972

Working Experience : Manager - Huamark Branch, Regional Manager - Huamark Region

No. of shares held (as of December 31, 1998) -

Mr. Pornchai Desawatsripet Senior Regional Manager

Age 54

Education : Bachelor's Degree in Finance and Banking, The University of the Thai Chamber of Commerce,

: M.B.A., Naraysuan University

Date of joined the Bank : September 1, 1967

Working Experience : Manager - Nakhon Sawan Branch, Regional Manager - Nakhon Sawan Region

No. of shares held (as of December 31, 1998) 4,125 shares (decrease 382 shares)

Mr. Udomsak Lehleakbhai Senior Regional Manager

Age 49

Education : Bachelor's Degree in Economic, Chiangmai University

: Master's Degree in Economic, Middle Tennessee State University U.S.A.

Date of joined the Bank : October 1, 1976

Working Experience : Manager - Charansnitwongse Branch, Regional Manager - Charansnitwongse Region

No. of shares held (as of December 31, 1998) -



7. THE COMPANY'S SUMMARY OF FINANCIAL INFORMATION

BANKTHAI PUBLIC COMPANY LIMITED
Table of Balance Sheet and Percentage of Total assets

ASSETS	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
CASH	748,609	1.10%	782,320	1.07%	2,115,792	3.27%
INTERBANK AND MONEY MARKET ITEMS	10,617,376	15.62%	6,216,215	8.47%	141,498	0.22%
INVESTMENT IN SECURITIES	4,560,633	6.71%	4,696,459	6.40%	4,922,587	7.62%
LOANS AND ACCRUED INTEREST RECEIVABLES (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS)	48,004,469	70.60%	57,392,204	78.24%	53,422,716	82.68%
PROPERTIES FORECLOSED	775,417	1.14%	622,467	0.85%	206,633	0.32%
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	240,212	0.35%	691,549	0.94%	1,256,169	1.94%
PREMISES AND EQUIPMENT	2,431,487	3.58%	2,235,181	3.05%	2,092,118	3.24%
INTER OFFICE ITEMS	118,951	0.17%	158,713	0.22%	93,959	0.15%
OTHER ASSETS	496,349	0.73%	557,247	0.76%	362,591	0.56%
TOTAL ASSETS	67,993,503	100.00%	73,352,355	100.00%	64,614,063	100.00%

Notes : - 1997 Balance sheet items were not reclassified to conform to 1998 balance sheet items
 - 1997 Balance sheet item-CASH has been change from CASH AT BANKS
 - 1997 Balance sheet item - INTERBANK AND MONEY MARKET ITEMS has been change from DEPOSITS AND DUES TO BANKS - INTEREST BEARING

BANKTHAI PUBLIC COMPANY LIMITED
Table of Balance Sheet and Percentage of Total assets

LIABILITIES AND SHAREHOLDERS' EQUITY	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
DEPOSITS	62,430,755	91.82%	48,398,693	65.98%	45,369,047	70.22%
INTERBANK AND MONEY MARKET ITEMS	2,098,469	3.09%	13,989,811	19.07%	4,426,483	6.85%
LIABILITY PAYABLE ON DEMAND	107,166	0.16%	124,942	0.17%	140,743	0.22%
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	0	0.00%	2,204,433	3.01%	797,000	1.23%
BORROWINGS	2,651,280	3.90%	3,284,820	4.48%	7,417,552	11.48%
BANK'S LIABILITY UNDER ACCEPTANCES	240,212	0.35%	691,549	0.94%	1,256,169	1.94%
ACCRUED INTEREST PAYABLE	725,890	1.07%	1,092,318	1.49%	770,301	1.19%
OTHER LIABILITIES	21,027	0.03%	28,349	0.04%	24,413	0.04%
LIABILITIES PENDING TRANSFER	51,698	0.08%	389,923	0.53%	97,124	0.15%
PENSION FUND PAYABLE	345,048	0.51%	0	0.00%	0	0.00%
OTHER LIABILITIES	137,908	0.20%	162,021	0.22%	184,217	0.29%
TOTAL LIABILITIES	68,809,453	101.20%	70,366,859	95.93%	60,483,049	93.61%
SHAREHOLDERS' EQUITY						
PAID-UP SHARE CAPITAL	12,334,000	18.14%	1,800,000	2.45%	750,000	1.16%
PREMIUM ON SHARE CAPITAL	0	0.00%	290,777	0.40%	265,777	0.41%
RETAINED EARNINGS AND OTHER RESERVE	(13,149,950)	-19.34%	894,719	1.22%	3,115,237	4.82%
TOTAL SHAREHOLDERS' EQUITY	(815,950)	-1.20%	2,985,496	4.07%	4,131,014	6.39%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	67,993,503	100.00%	73,352,355	100.00%	64,614,063	100.00%

Notes : - 1997 Balance sheet items were not reclassified to conform to 1998 balance sheet items
 - 1997 Balance sheet item - INTERBANK AND MONEY MARKET ITEMS has been change from DEPOSITS AND DUES TO BANKS - INTEREST BEARING



BANKTHAI PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Table of Balance Sheet and Percentage of Total assets

ASSETS	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
CASH	748,609	1.10%	746,741	0.96%	2,255,916	3.07%
INTERBANK AND MONEY MARKET ITEMS	10,617,376	15.62%	4,713,721	6.08%	141,498	0.19%
SECURITIES PURCHASED UNDER RESALE AGREEMENT	0	0.00%	0	0.00%	95,000	0.13%
INVESTMENT IN SECURITIES	4,560,633	6.71%	3,462,756	4.46%	4,865,019	6.61%
ACCOUNT WITH SECURITIES COMPANIES	0	0.00%	17,045	0.02%	23,495	0.03%
LOANS AND ACCRUED INTEREST RECEIVABLES (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS)	48,004,469	70.60%	64,054,985	82.59%	61,766,729	83.93%
PROPERTIES FORECLOSED	775,417	1.14%	681,218	0.88%	235,597	0.32%
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	240,212	0.35%	691,549	0.89%	1,256,169	1.71%
PREMISES AND EQUIPMENT	2,431,487	3.58%	2,302,482	2.97%	2,163,963	2.94%
OTHER ASSETS	615,300	0.90%	886,029	1.14%	787,843	1.07%
TOTAL ASSETS	67,993,503	100.00%	77,556,526	100.00%	73,591,229	100.00%

- Notes : - 1997 Balance sheet items were not reclassify to conform to 1998 balance sheet items
- 1997 Balance sheet item-CASH has been change from CASH and CASH AT BANKS
- 1997 Balance sheet item - INTERBANK AND MONEY MARKET ITEMS has been change from DEPOSITS AND DUES TO BANKS - INTEREST BEARING
- THE BANK DO NOT HAVE ANY SUBSIDIARIES (FINANCE COMPANY) IN 1998

BANKTHAI PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Table of Balance Sheet and Percentage of Total assets

LIABILITIES AND SHAREHOLDERS' EQUITY	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
CASH	62,430,755	91.82%	52,002,470	67.05%	52,918,675	71.91%
INTERBANK AND MONEY MARKET ITEMS	2,098,469	3.09%	15,679,899	20.22%	4,426,483	6.01%
LIABILITY PAYABLE ON DEMAND	107,166	0.16%	124,942	0.16%	140,743	0.19%
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	0	0.00%	2,555,433	3.29%	797,000	1.08%
ACCOUNT WITH SECURITIES COMPANIES	0	0.00%	19	0.00%	72	0.00%
CUSTOMER'S ACCOUNTS	0	0.00%	18,389	0.02%	8,130	0.01%
DEFERRED GAIN FROM SALE OF PROPERTIES FORECLOSED	0	0.00%	43,585	0.06%	43,585	0.06%
BORROWINGS	2,651,280	3.90%	3,284,820	4.24%	8,684,695	11.80%
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	240,212	0.35%	691,549	0.89%	1,256,169	1.71%
OTHER LIABILITIES	1,281,571	1.88%	1,874,911	2.42%	1,560,078	2.12%
TOTAL LIABILITIES	68,809,453	101.20%	76,276,017	98.35%	69,835,630	94.90%
MINORITY INTEREST	0	0.00%	0	0.00%	165,024	0.22%
SHAREHOLDERS' EQUITY						
PAID-UP SHARE CAPITAL	12,334,000	18.14%	1,800,000	2.32%	750,000	1.02%
PREMIUM ON SHARE CAPITAL	0	0.00%	290,777	0.37%	265,777	0.36%
RETAINED EARNINGS AND OTHER RESERVE	(13,149,950)	-19.34%	(810,268)	-1.04%	2,574,798	3.50%
TOTAL SHAREHOLDERS' EQUITY	(815,950)	-1.20%	1,280,509	1.65%	3,590,575	5.10%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	67,993,503	100.00%	77,556,526	100.00%	73,591,229	100.00%

- Notes : - 1997 Balance sheet items were not reclassify to conform to 1998 balance sheet items
- 1997 Balance sheet item - INTERBANK AND MONEY MARKET ITEMS has been change from DEPOSITS AND DUES TO BANKS - INTEREST BEARING
- 1998 THE BANK DO NOT HAVE ANY SUBSIDIARIES (FINANCE COMPANY)



BANKTHAI PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Table of Profit and Loss and Percentage of Total Income and Expenses

STATEMENT OF PROFIT AND LOSS	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
INTEREST AND DIVIDEND INCOME	7,228,458	95.22%	8,059,025	90.66%	6,119,908	90.35%
NON-INTEREST INCOME	363,110	4.78%	830,435	9.34%	653,405	9.65%
TOTAL INCOME	7,591,568	100.00%	8,889,460	100.00%	6,773,313	100.00%
INTEREST EXPENSES	8,879,235	36.38%	6,835,033	63.79%	4,776,296	73.85%
ALLOWANCE FOR DOUBTFUL ACCOUNTS	8,617,049	35.31%	2,087,000	19.48%	0	0.00%
NON-INTEREST EXPENSES	6,908,078	28.31%	1,792,458	16.73%	1,566,504	24.22%
INCOME TAX	0	0.00%	0	0.00%	124,400	1.92%
TOTAL EXPENSES	24,404,362	100.00%	10,714,491	100.00%	6,467,200	100.00%
NET PROFIT (LOSS)	(16,812,794)		(1,825,031)		306,113	

BANKTHAI PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Table of Profit and Loss and Percentage of Total Income and Expenses

STATEMENT OF PROFIT AND LOSS	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
INTEREST AND DIVIDEND INCOME	7,228,458	95.22%	9,056,537	87.55%	7,085,695	90.22%
NON-INTEREST INCOME	363,110	4.78%	837,213	8.09%	764,578	9.74%
MINORITY INTEREST	0	0.00%	450,368	4.35%	3,400	0.04%
TOTAL INCOME	7,591,568	100.00%	10,344,118	100.00%	7,853,673	100.00%
INTEREST EXPENSES	8,879,235	36.38%	7,878,205	59.12%	5,623,922	72.81%
ALLOWANCE FOR DOUBTFUL ACCOUNTS	8,617,049	35.31%	2,958,240	22.20%	69,807	0.90%
NON-INTEREST EXPENSES	6,908,078	28.31%	2,488,683	18.68%	1,903,121	24.64%
INCOME TAX	0	0.00%	476	0.00%	127,370	1.65%
TOTAL EXPENSES	24,404,362	100.00%	13,325,604	100.00%	7,724,220	100.00%
NET PROFIT (LOSS)	(16,812,794)		(2,981,486)		129,453	

Notes : - The Bank do not have any subsidiaries (finance company) in 1998

BANKTHAI PUBLIC COMPANY LIMITED
Table of Cash Flows and Percentage of Total Assets

STATEMENT OF CASH FLOWS AND PERCENTAGE OF TOTAL	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
CASH FLOWS FROM OPERATING ACTIVITIES	(8,088,606)	-190.85%	(804,069)	-306.67%	958,632	65.63%
CASH FLOWS FROM FINANCING ACTIVITIES	12,326,760	290.85%	1,066,264	406.67%	501,964	34.37%
TOTAL CASH INFLOWS	4,238,154	100.00%	262,195	100.00%	1,460,596	100.00%
CASH FLOWS FROM INVESTING ACTIVITIES	4,271,865	100.80%	462,382	176.35%	1,369,372	93.75%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIPVALENTS	(33,711)	-0.80%	(200,187)	-76.35%	91,224	6.25%



BANKTHAI PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Table of Cash Flows and Percentage of Total Assets

STATEMENT OF CASH FLOWS AND PERCENTAGE OF TOTAL	1 : 1000 BAHT					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
CASH FLOWS FROM OPERATING ACTIVITIES	(8,088,606)	-190.85%	(1,655,496)	560.90%	871,366	56.88%
CASH FLOWS FROM FINANCING ACTIVITIES	12,326,760	290.85%	1,360,344	-460.90%	660,564	43.12%
TOTAL CASH INFLOWS	4,238,154	100.00%	(295,152)	100.00%	1,531,930	100.00%
CASH FLOWS FROM INVESTING ACTIVITIES	4,271,865	100.80%	(59,339)	20.10%	1,410,798	92.09%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,711)	-0.80%	(235,813)	79.90%	121,133	7.91%

Notes : - The Bank do not have any subsidiaries (finance company) in 1998

BANKTHAI PUBLIC COMPANY LIMITED

Table of Financial Ratios

FINANCIAL RATIOS	1 : 1000 BAHT		
	1998	1997	1996
PROFITABILITY RATIO			
GROSS PROFIT	-26.93%	11.21%	18.40%
NET PROFIT	-221.47%	-20.53%	4.52%
RETURN ON EQUITY	-1549.89%	-51.29%	7.51%
YIELD RATE	10.80%	13.34%	11.95%
COST RATE	13.36%	11.11%	8.94%
NET INTEREST INCOME	-2.55%	2.23%	3.01%
RETURN ON INVESTMENT	3.38%	8.58%	8.69%
EFFICIENCY RATIO			
NET INTEREST INCOME PER ASSETS	-2.65%	1.33%	1.84%
RETURN ON ASSETS	-23.79%	-2.65%	0.51%
TURNOVER OF ASSETS	0.11	0.13	0.11
FINANCIAL RATIO			
DEBT TO EQUITY	(84.33)	23.57	14.64
LOAN TO BORROWINGS	84.90%	111.03%	99.00%
LOAN TO DEPOSITS	88.65%	118.86%	115.50%
DEPOSITS TO BORROWING	90.73%	68.78%	75.01%
DIVIDEND PAID	0.00%	0.00%	0.00%
ASSET QUALITY RATIO			
ALLOWANCE FOR DOUBTFUL ACCOUNTS PER TOTAL LOAN	19.00%	4.60%	1.27%
BAD DEBT PER TOTAL LOAN	0.02%	0.00%	0.03%
NON-PERFORMING LOAN PER TOTAL LOAN	65.58%	18.88%	NA
ACCRUED INTEREST RECEIVABLE PER TOTAL LOAN	6.61%	4.38%	3.16%

Notes : - Total loans include loans to financial institutions



BANKTHAI PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Table of Financial Ratios

FINANCIAL RATIOS	1 : 1000 BAHT		
	1998	1997	1996
PROFITABILITY RATIO			
GROSS PROFIT	-26.93%	8.63%	17.45%
NET PROFIT	-221.47%	-30.14%	1.65%
RETURN ON EQUITY	-7238.17%	-122.42%	3.57%
YIELD RATE	10.35%	13.34%	12.15%
COST RATE	12.84%	11.48%	9.32%
NET INTEREST INCOME	-2.49%	1.87%	2.83%
RETURN ON INVESTMENT	3.52%	11.14%	10.87%
EFFICIENCY RATIO			
NET INTEREST INCOME PER ASSETS	-2.58%	1.07%	1.73%
RETURN ON ASSETS	-23.10%	-3.95%	0.19%
TURNOVER OF ASSETS	0.10	0.13	0.12
FINANCIAL RATIO			
DEBT TO EQUITY	(84.33)	54.95	19.45
LOAN TO BORROWINGS	84.90%	116.82%	98.17%
LOAN TO DEPOSITS	88.65%	124.48%	114.54%
DEPOSITS TO BORROWING	90.73%	73.90%	75.78%
DIVIDEND PAID	0.00%	0.00%	0.00%
ASSET QUALITY RATIO			
ALLOWANCE FOR DOUBTFUL ACCOUNTS PER TOTAL LOAN	19.00%	5.47%	1.23%
BAD DEBT PER TOTAL LAON	0.02%	0.00%	0.02%
NON-PERFORMING LOAN PER TOTAL LOAN	67.99%	20.05%	NA
ACCRUED INTEREST RECEIVABLE PER TOTAL LOAN	6.61%	4.47%	3.08%

Notes : - Total loans include loans to financial institutions

The Bank do not have any subsidiaries (financial company) in 1998

8. RISK FACTORS

The year 2000 problem (Y2K)

A computer expert of the Bank has been working on remedying the Y2K problem, with regard to computer hardware, operating systems and application software. This work is already over 80 per cent completed and is expected to finish by the end of the first quarter of 1999.

Exchange rates

Since the Bank of Thailand replaced its exchange rate policy of using a basket of currencies with a managed float on 2 July 1997, the Bank has adopted a policy of a square foreign exchange position. Therefore, the risk from exchange rate changes will not affect the bank.



Interest rates and liquidity

In order to increase liquidity, the Bank's determined efforts to mobilize deposits during the first half of 1998 were successful. In addition, new capital of 12,332.2 million baht was raised from the FIDF on 31 August 1998 with the primary purpose of increasing liquidity. As a result, the Bank has sufficient liquidity to meet the Bank of Thailand's liquidity asset-reserve requirement. These funds have been invested in government bonds, which gave a low risk and high return in the second half of 1998, although interest rates have subsequently declined. Consequently, they act as a practical means of mitigating the risk of changes in interest rates.

Investment in securities

Due to the unfavorable economic conditions, the Bank may be faced with a reduction in the value of its investment in securities. However, the Bank has made allowance for such reduction. Although the value of its investments may be lower than net investment in securities (allowing for the reduction in value of securities), this will not affect the Bank greatly.

9. OTHER FACTORS THAT MAY AFFECT INVESTMENT DECISIONS

Legal aspects

The Bank should not have any lawsuits or claims that involve a large amount of assets apart from lawsuits arising from normal banking operations.



LIST OF BRANCHES

REGIONAL OFFICES IN METROPOLIS

CHARANSNITWONGSE REGION
529/9 CHARANSNITWONGSE ROAD
BANGKOK 10700
TEL. 418-0775-6, 418-2732
FAX 418-0776
REGIONAL MANAGER :
MR. SUTIT UPAMASINTU

HUAMARK REGION
2314/15-17 RAMKAMHAENG ROAD
BANGKOK 10240
TEL. 374-2858, 374-2993, 375-2307
FAX 375-6035
SENIOR REGIONAL MANAGER :
MRS. CHUNIL JULNITI

RAJADAMNERN REGION
108-110 RAJADAMNERN KLANG ROAD
BANGKOK 10200
TEL. 221-7679, 621-1288
FAX 221-7395
REGIONAL MANAGER :
MR. VIRIYA JARUANSUK

SUKSAWAD REGION
139 M.19 SUKSAWAD ROAD
A.PHRA-PRADAENG
SAMUT PRAKAN 10130
TEL. 817-1787-8
FAX 817-1787
REGIONAL MANAGER :
MR. THAWEESEK JENPRAJAK

YANNAWA REGION
2074/7 NEW ROAD BANGKOK 10120
TEL. 291-2650, 291-2874, 688-3321
FAX 291-2650
SENIOR REGIONAL MANAGER :
MR. UDOMSAK LEHLEAKBHAI

REGIONAL OFFICES IN PROVINCES

CHIANG MAI REGION
64 CHANGPUEK ROAD
A. MUANG, CHIANG MAI 50200
TEL. (053) 418-400, 418-402
FAX 418-401
REGIONAL MANAGER :
MISS RANGSIMA LOHASONGSAENG

CHON BURI REGION
797-799 CHETCHAMNONG ROAD
A. MUANG, CHON BURI 20000
TEL. (038) 282-039
FAX 282-994
REGIONAL MANAGER :
MR. WICHAI PRUKSACHARTANAN

KHON KAEN REGION
142-148 SRICHAN ROAD
A.MUANG, KHON KAEN 40000
TEL. (043) 220-812, 220-925
FAX 222-654
REGIONAL MANAGER :
MR. SERMSUK WONGPAIBOON

NAKHON RATCHASIMA REGION
353 MITRAPHAB ROAD A.MUANG,
NAKHON RATCHASIMA 30000
TEL. (044) 243-714, 262-447
FAX 243-785
REGIONAL MANAGER :
MR. NATEE VONGCHAVALITKUL

NAKHON SAWAN REGION
189/4 SAWANWITHI ROAD
A. MUANG, NAKHON SAWAN 60000
TEL. (056) 226-354, 227-003, 227-473
FAX 227-474
SENIOR REGIONAL MANAGER :
MR. PORNCHAI DESAWATSRIPEE

PHETCHABURI REGION
4 PHONGSURIYA ROAD
A. MUANG, PHETCHABURI 76000
TEL. (032) 414-980, 424-206
FAX 424-205
REGIONAL MANAGER :
MR. CHAMROEN SIRIKUL

SONGKHLA REGION
354 SAIBURI ROAD
A. MUANG, SONGKHLA 90000
TEL. (074) 324-815, 324-052-3
FAX 324-814
VICE PRESIDENT :
MISS SIRIMA SITTISUNTORN

METROPOLITAN BRANCHES

1. PHETCHBURI OFFICE
1600 NEW PHETCHBURI ROAD
BANGKOK 10320
TEL. 205-6015-30
FAX 652-8296
SECOND VICE PRESIDENT :
MRS. KITIPA SITTISUNTORN

2. JAWARAD OFFICE
632-636 JAWARAD ROAD
BANGKOK 10100
TEL. 233-8696, 234-2551, 234-4002,
234-4527, 234-6713
FAX 234-4525
SECOND VICE PRESIDENT :
MR. CHERAPONG BURANASILPIN

3. BANG PHLI BRANCH
129/1 M.8 SUKHA PHIBAN ROAD
A.BANG PHLI, SAMUT PRAKAN 10540
TEL. 337-3424-6
FAX 337-3426
BRANCH MANAGER :
MR. PRAMOT CHAYAWISAN

4. BANGBON BRANCH
59/145 M.6 EKACHAI ROAD
BANGKOK 10150
TEL. 416-8277-8, 894-4051
FAX 416-8279
BRANCH MANAGER :
MR. SUCHART SAPBORIBOON

5. BANGKAPI BRANCH
390/4-5 SUKHUMVIT ROAD
SOI 16-18 BANGKOK 10110
TEL. 258-1913, 258-1916, 258-1939,
259-0601
FAX 258-1939
BRANCH MANAGER :
MR. TEERADEJ WONGWIS

6. BANGKHEN BRANCH
1883/13 PHAHOLYOTHIN ROAD
BANGKOK 10900
TEL. 511-4353, 512-1716, 512-1791
FAX 511-4320
BRANCH MANAGER :
MISS SUREE PRADISTYONT

7. BANGNA BRANCH
4099 SUKHUMVIT ROAD
BANGKOK 10250
TEL. 393-0788-9, 747-5322
FAX 393-0788
BRANCH MANAGER :
MR. VEERAYUT NAKSUMRID

8. BANGNA-TRAD BRANCH
11/31 M.7 BANGNA-TRAD ROAD
A.BANG PHLI, SAMUT PRAKAN 10540
TEL. 312-6752-4
FAX 312-6755
BRANCH MANAGER :
MR. PRASARN CHAROENSOK

9. BANGPLAD BRANCH
195 CHARANSNITWONGSE ROAD
BANGKOK 10700
TEL. 424-3361-2, 433-8188
FAX 424-3361
BRANCH MANAGER :
MR. ANAKE KONGSANGPROME

10. BANGPO BRANCH
48/2-3 PRACHARAT ROAD
BANGKOK 10800
TEL. 585-0192, 585-0260, 585-8180,
587-3454
FAX 585-0260
BRANCH MANAGER :
MR. SARAVUT OBSUWAN

11. BANGRAK BRANCH
1401-1403 NEW ROAD BANGKOK 10500
TEL. 234-6209, 234-6435, 234-9884
FAX 233-5020
BRANCH MANAGER :
MRS. ARUNSRI RATAPANYAWATH

12. BANGYEEKHAN BRANCH
367 CHARANSNITWONGSE ROAD
BANGKOK 10700
TEL. 433-5920-3
FAX 433-5921
BRANCH MANAGER :
MR. PONGSAKD THURDSURENTRA

13. BUKKALO BRANCH
564/3 CHAROEN NAKHON ROAD
BANGKOK 10600
TEL. 468-7141-2, 468-8202
FAX 468-8203
BRANCH MANAGER :
MR. DANAI LAUNGKOCHNART

14. CHAENGWATTHANA BRANCH
28/127-128 M.4
CHAENGWATTHANA ROAD
NONTHA BURI 11120
TEL. 574-1502-3
FAX 573-8785
BRANCH MANAGER :
MISS CHUNCHIRA WONGTAPHA

15. CHARANSNITWONGSE BRANCH
529/9 CHARANSNITWONGSE ROAD
BANGKOK 10700
TEL. 411-0339, 411-3603-4
FAX 411-2245
BRANCH MANAGER :
MRS. SUJIPHAN TANTITHAWORN

16. DONMUANG BRANCH
310/110-112 SRONGPRAPA ROAD
BANGKOK 10210
TEL. 566-1357, 566-1588, 566-1593,
566-1610
FAX 566-1357
BRANCH MANAGER :
MR. KRAISORN UCH-CHIN

17. HUAMARK BRANCH
2314/15-17 RAMKAMHAENG ROAD
BANGKOK 10240
TEL. 377-1362-3, 377-1365, 377-2555
FAX 377-1365
BRANCH MANAGER :
MRS. PATCHARIN SRISAKDANUWAT

18. HUEY KWANG BRANCH
246 SUTHISAN VINICHAI ROAD
BANGKOK 10400
TEL. 277-0554, 277-0903, 277-2863,
277-9955
FAX 277-0903
BRANCH MANAGER :
MRS. SUPAVADEE WEERAWAN

19. KLUAYNAMTHAI BRANCH
4236 RAMA 4 ROAD BANGKOK 10110
TEL. 391-9112-3, 392-7824, 392-9208
FAX 391-9112
BRANCH MANAGER :
MRS. PATCHARIN MIRINTAPAK



20. LADPRAO BRANCH
2109 M.11 LAD PRAO ROAD
BANGKOK 10310
TEL. 530-1372, 538-2493-4
FAX 530-1371
BRANCH MANAGER :
MRS. JESDA LAOHAMONTRI
21. LUMPINI BRANCH
1032/10-12 RAMA 4 ROAD
BANGKOK 10120
TEL. 286-0149, 286-0223, 286-5388,
286-5761
FAX 286-0223
BRANCH MANAGER :
MR. PAKORN PRECHAPORN
22. MAHANAK BRANCH
1168 KRUNG KASEM ROAD
BANGKOK 10100
TEL. 223-2650, 223-6624, 224-7021
FAX 224-7022
BRANCH MANAGER :
MR. JAET NETRPRAWONG
23. NGAMWONGWAN BRANCH
19/200-201 M.2 NGAMWONGWAN ROAD
T.BANG KHEN A.MUANG,
NONGTHA BURI 11000
TEL. 580-1601, 580-1920, 580-2451
FAX 580-2451
BRANCH MANAGER :
MISS APHALAI PONGSAWASDI
24. NONG KHAEM BRANCH
123 M.7 PHET KASEM (K.M. 19TH) ROAD
BANGKOK 10160
TEL. 421-1122, 421-1991, 421-3787,
808-9549
FAX 421-3788
BRANCH MANAGER :
MR. PRASIT THIDARATSAKUL
25. PAKKLONGTALAD BRANCH
373-375 BANMOH ROAD
BANGKOK 10200
TEL. 224-7207-8, 224-7210
FAX 224-7209
BRANCH MANAGER :
MR. ANUCHIT DENPRAYUNWONG
26. PHAHOLYOTHIN BRANCH
670/51-52 PHAHOLYOTHIN ROAD
BANGKOK 10400
TEL. 278-1079, 279-5088, 279-8662
FAX 279-0737
BRANCH MANAGER :
MISS RACHANE BENJATACHA
27. PHASI CHAROEN BRANCH
11 M.1 PHET KASEM ROAD
BANGKOK 10160
TEL. 467-3106, 467-5453-4, 868-8338
FAX 467-5453
BRANCH MANAGER :
MR. WANCHAI SANWORANATH
28. POOCHAOSAMINGPRAI BRANCH
279 M.2 POOCHAOSAMINGPRAI ROAD
A.PHRA-PRADAENG,
SAMUT PRAKAN 10130
TEL. 384-3670, 384-7804-6
FAX 384-7605
BRANCH MANAGER :
MR. SUNGE SAPPHANSAN
29. PRANOK BRANCH
307/5-7 ISSARAPHAP ROAD
BANGKOK 10700
TEL. 418-1572-4
FAX 418-1574
BRANCH MANAGER :
MISS KARANEE CHANTARAPALNIK
30. PRATUNAM BRANCH
425/1-2 RAJAPRAROP ROAD
BANGKOK 10400
TEL. 251-5510, 251-5569, 253-5542-3
FAX 251-5415
BRANCH MANAGER :
MR. WEERACHAI JANGKONG
31. RAJADAMNERN BRANCH
108-110 RAJADAMNERN KLANG ROAD
BANGKOK 10200
TEL. 222-3773, 224-8052-3
FAX 224-8053
BRANCH MANAGER :
MRS. SUWANNA PHIMPHAKORN
32. RAJAWONGSE BRANCH
2 RAJAWONGSE ROAD BANGKOK 10100
TEL. 222-8190, 224-8162-3
FAX 222-8190
BRANCH MANAGER :
MR. SOMCHAI BUMPENBOON
33. RAMINTRA BRANCH
110/19-20 M.11 RAMINTRA ROAD
BANGKOK 10230
TEL. 509-5713, 510-4448, 519-2203
FAX 509-5712
BRANCH MANAGER :
MRS. CHAMAIPORN TANTARAT
34. RANGSIT BRANCH
265/76-77 M. 2
RANGSIT-PATHUMTHANI ROAD
A.THANYABURI, PATHUMTHANI 12130
TEL. 531-3020, 531-5893, 567-2232,
959-1990
FAX 531-3020
BRANCH MANAGER :
MR. PHIPHOP PANYASANG
35. RAT BURANA BRANCH
349/2-5 SUKSAWAT ROAD
BANGKOK 10140
TEL. 427-2249, 427-4403, 427-4405
FAX 427-4404
BRANCH MANAGER :
MR. CHAKRIT SUKTHEVA
36. SAMPENG BRANCH
414 JAWARAD ROAD BANGKOK 10100
TEL. 224-2313, 224-2333, 226-0367
FAX 224-2333
BRANCH MANAGER :
MRS. WANEE POLPO
37. SATHUPRADIT BRANCH
501/98-100 SATHUPRADIT ROAD
BANGKOK 10120
TEL. 210-2723-6
FAX 210-2723
BRANCH MANAGER :
MRS. NAIYANA KAEWMANEE
38. SRINAKHARIN BRANCH
13/31-32 M.1 SRINAKHARIN ROAD
BANGKOK 10260
TEL. 361-6414-6
FAX 361-6417
BRANCH MANAGER :
MRS. SAYUMPORN TANGKARNCHANA
39. ST. LOUIS BRANCH
10/35-36 CHAN ROAD BANGKOK 10120
TEL. 286-0335, 286-0374, 286-2438
FAX 286-0318
BRANCH MANAGER :
MR. PAISARN LUKITAROONRAT
40. SUKSAWAD BRANCH
139 M.19 SUKSAWAD ROAD
A.PHRA-PRADAENG,
SAMUT PRAKAN 10130
TEL. 463-2130, 463-5345-6
FAX 463-5344
BRANCH MANAGER :
MR. VINU SUWANLAOH
41. THANON CHAN BRANCH
6/33-34 THANON CHAN TAD MAI ROAD
BANGKOK 10120
TEL. 678-5670-1
FAX 678-5672
BRANCH MANAGER :
MR. PRASERT TABCHAROEN
42. THATTIEN BRANCH
394/6-8 MAHA RAT ROAD
BANGKOK 10200
TEL. 221-6719, 222-4323, 224-8164-5
FAX 224-8164
BRANCH MANAGER :
MISS LAWAN PHATANAPIDOL
43. THEWET BRANCH
435 SAMSEN ROAD BANGKOK 10300
TEL. 280-0481-2, 281-5453, 282-3568
FAX 282-4085
BRANCH MANAGER :
MR. TANATAT BOONNATHEEPHISIT
44. THON BURI BRANCH
56/58 SOMDET PHRA-CHAO TAK
SIN ROAD, BANGKOK 10600
TEL. 465-0442, 465-8758
FAX 472-1058
BRANCH MANAGER :
MRS. SUPORN SORNANUWAN
45. THONGLOR BRANCH
1031/1 SUKHUMVIT 53/1 ROAD
BANGKOK 10110
TEL. 391-4788-9, 392-1584
FAX 391-4790
BRANCH MANAGER :
MR. SOMCHAI SAENGSPUR
46. TIVANON BRANCH
1/124 M.5
BANGKOK-NONGTHA BURI ROAD
A.MUANG, NONGTHA BURI 11000
TEL. 525-0586, 525-2561, 527-0264
FAX 525-2561
BRANCH MANAGER :
MR. TAWAN SUKSUPHACHAI
47. WAT SAI BRANCH
112/41 M.2 EKACHAI ROAD
BANGKOK 10150
TEL. 415-0909, 415-1235, 415-1378,
415-2712, 893-8852
FAX 415-2712
BRANCH MANAGER :
MR. PRAJAKS SINGHAKITVATIN
48. YANNAWA BRANCH
2074/7 NEW ROAD BANGKOK 10120
TEL. 269-3872-3
FAX 269-0560
BRANCH MANAGER :
MRS. WANPHEN PHENGSIK
49. YOMARAJ BRANCH
806/33-36 RAMA 6 ROAD
BANGKOK 10400
TEL. 215-7126-7, 215-7382
FAX 215-7383
BRANCH MANAGER :
MR. PORNVITH LEETRAKUL
50. BANGKHAE SUB BRANCH
80/20 M.4 PHET KASEM ROAD
BANGKOK 10160
TEL. 413-0739, 456-3515, 801-0767-8
FAX 801-0768
BRANCH MANAGER :
MRS. AKANEE UTAMARUP
51. RAMKHAMHAENG SUB BRANCH
1991/4 RAMKHAMHAENG ROAD
BANGKOK 10240
TEL. 319-8617
FAX 319-8575
BRANCH MANAGER :
MISS MONTICHA VARANATSUNTHORN
52. SAMLTHPRAKARN SUB BRANCH
117 PRAKHONCHAI ROAD
A.MUANG, SAMUT PRAKAN 10270
TEL. 387-1806, 387-1849
FAX 389-1349
BRANCH MANAGER :
MR. PUNTAVEE LUXSAMEETHITI

**53. SILOM SUB BRANCH**

269 SILOM ROAD BANGKOK 10500
TEL. 234-3010, 236-4747-8
FAX 236-4749
BRANCH MANAGER :
MRS. PITTSAMAI WANITWASIN

54. YORACHAK SUB BRANCH

190 LUANG ROAD BANGKOK 10100
TEL. 223-4988, 223-5058
FAX 224-9011
BRANCH MANAGER :
MR. THAWATCHAI KITIYANASAP

**PROVINCIAL BRANCHES
NORTHERN****55. CHIANG MAI BRANCH**

64 CHANGPUK ROAD
A.MUANG, CHIANG MAI 50200
TEL. (053) 211-633, 214-035, 418-222
FAX 211-637
BRANCH MANAGER :
MR. CHOOSAK YOOKTANAN

56. CHIANG RAI BRANCH

879/14 PHAHOLYOTHIN ROAD
A.MUANG, CHIANG RAI 57000
TEL. (053) 714-029-30
FAX 715-905
BRANCH MANAGER :
MR. ARNOLD RATGAN

57. MANOROM BRANCH

331/6 M.4 MANOROM-UTHAI ROAD
TKHUANG SAMPHAO A. MANOROM,
CHAI NAT 17110
TEL. (056) 491-006, 431223
FAX 491-224
BRANCH MANAGER :
MRS. YANPEN VIBIYAPANICH

58. NAKHON SAWAN BRANCH

169/4 SAWANWITHI ROAD
A.MUANG, NAKHON SAWAN 60000
TEL. (056) 221-137, 222-939
FAX 221-182
BRANCH MANAGER :
MR. THANOO WONGTANYAGORN

59. NONG CHANG BRANCH

9/9 M.5 SUKHA PHIBAN ROAD
A.NONG CHANG, UTHAI THANI 61110
TEL. (056) 531-110-1
FAX 531-338
BRANCH MANAGER :
MR. VICHEIN SUKCHOO

60. PHAYAO BRANCH

68/1 DON SANAM ROAD
A.MUANG, PHAYAO 56000
TEL. (054) 431-347, 480-222-3
FAX 431-347
BRANCH MANAGER :
MR. WICHIAN THANTHIAN

61. PHAYUHA KHIRI BRANCH

153/1 M.4 SI PHAYUHA ROAD
A.PHAYUHA KHIRI,
NAKHON SAWAN 60130
TEL. (056) 341-001-2
FAX 341-713
BRANCH MANAGER :
MR. PONGSAK TONSAKUNDET

62. PHICHAI BRANCH

52-54 M.3
CHAOKHUNPHICHAI RACHA ROAD
A.PHICHAI, UTTARADIT 53120
TEL. (055) 421-010-1, 421-248
FAX 421-011
BRANCH MANAGER :
MR. CHALEM BOONPITURUK

63. PHITSANULOK BRANCH

209/39 BOROMTRAILOKKANART ROAD
A.MUANG, PHITSANULOK 65000
TEL. (055) 244-060, 252-179, 252-199
FAX 244-061
BRANCH MANAGER :
MR. ANUPAP CHAIWASI

64. SALOKBART BRANCH

855 M.1 PHAHOLYOTHIN ROAD
A.KHANU WORALAKSABURI,
KAMPHAENG PHET 62140
TEL. (055) 771-021-2
FAX 771-023
BRANCH MANAGER :
MR. TANID PALOTHAI

65. SI SATCHANALAI BRANCH

570-872 TLADHATSIEO THAT SIEO
A.SI SATCHANALAI SUKHOHAI 64130
TEL. (055) 671-282-3
FAX 671-231
BRANCH MANAGER :
MISS ANCHAREE PARIYAWATEE

66. HUAI KAE0 SUB BRANCH

100/9 HUAI KAE0 ROAD
A.MUANG, CHIANG MAI 50200
TEL. (053) 224-666-8
FAX 224-668
BRANCH MANAGER :
MRS. PORNPIMOL JIRATTIPHONG

67. NOEN MAPRANG SUB BRANCH

400/9 M.2
NOEN MAPRANG-KOKMAIDANG ROAD
A.NOENMAPRANG, PHITSANULOK 65190
TEL. (055) 399-100
FAX 399-124
BRANCH MANAGER :
MRS. PRAPHAR SOONTHONSOPHON

68. THA PHAE SUB BRANCH

396 THA PHAE ROAD
A.MUANG, CHIANG MAI 50300
TEL. (053) 252-222-3
FAX 252-222
BRANCH MANAGER :
MR. CHAKRAPAN SURAJINDA

CENTRAL**69. ANG THONG BRANCH**

82 THETSABAN 10 ROAD
A.MUANG, ANG THONG 14000
TEL. (035) 611-334, 611-515, 626-142
FAX 626-142
BRANCH MANAGER :
MRS. VRAORN SONGSIRITHAT

70. BAN LAEM BRANCH

360/13 M.2 SUKHA PHIBAN 1 ROAD
A.BAN LAEM, PHETCHABURI 76110
TEL. (032) 481-137-B, 481-654
FAX 481-138
BRANCH MANAGER :
MR. ANANTA CHAIBOONMA

71. BAN PHAEO BRANCH

35/8 M.1 TBAN PHAEO A.BAN PHAEO,
SAMUT SAKHON 74120
TEL. (034) 481-309-10, 483-035
FAX 481-309
BRANCH MANAGER :
MR. THAWATCHAI SARAKANEE

72. DOEMBANG NANGBUAT BRANCH

330 M.5 TKHAOPHRA
A.DOEMBANG NANGBUAT,
SUPHAN BURI 72120
TEL. (035) 578-007-B
FAX 578-378
BRANCH MANAGER :
MRS. REANGOLIAN RAKSORN

73. DON CHEDI BRANCH

791 M.5 TDON CHEDI A.DON CHEDI,
SUPHAN BURI 72170
TEL. (035) 581-005-6
FAX 581-043
BRANCH MANAGER :
MR. CHAIORN WONGTANABOON

74. HIN KONG BRANCH

203 M.8 THUEYSAI A.NONG KHAE,
SARABURI 18230
TEL. (036) 371-149, 379-062
FAX 379-063
BRANCH MANAGER :
MR. WISNUCHAI PONGSATTASIN

75. LOOK KAE BRANCH

82 M.6 TDONKAMIN A.THA MAKA,
KANCHANABURI 71120
TEL. (034) 566-170, 566-348
FAX 566-170
BRANCH MANAGER :
MR. RANGSEE CHITCHAROEN

76. NAKHON PATHOM BRANCH

153 RATCHAWITHI ROAD
A.MUANG, NAKHON PATHOM 73000
TEL. (034) 251-028, 254-233-4
FAX 254-234
BRANCH MANAGER :
MR. REANGSUK KASAMANEE

77. PHETCHABURI BRANCH

4 PHONGSURIYA ROAD
A.MUANG, PHETCHABURI 76000
TEL. (032) 425-148, 425-302
FAX 428-227
BRANCH MANAGER :
MRS. ANCHUREE KLAICHID

78. PHOTHARAM BRANCH

74-76 PHOTHARAM ROAD
A.PHOTHARAM, RATCHABURI 70120
TEL. (032) 231-121, 232-101-2
FAX 232-083
BRANCH MANAGER :
MR. MONGKOL SONGPAIRUJ

79. PRAN BURI BRANCH

26/2 M.2 PHET KASEM ROAD
A.PRAN BURI,
PRACHUAP KHIRI KHAN 77120
TEL. (032) 622-191
FAX 622-365
BRANCH MANAGER :
MR. RAPIN PRAPLUETTRAKOON

80. SAKAEO BRANCH

291 SUWANNASON ROAD, TSAKAE0
A. MUANG, SAKAEO 27000
TEL. (037) 241-005-6
FAX 241-006
BRANCH MANAGER :
MR. VICHAI THAVALSABOVORN

81. SAMUT SONGKHAM BRANCH

131/2 THON BURI-PAK THO HIGHWAY,
A.MUANG, SAMUT SONGKHAM 75000
TEL. (034) 711-442, 712-429
FAX 712-429
BRANCH MANAGER :
MR. SAKCHAI DEESWATSEEPET

EASTERN**82. AO UDOM BRANCH**

166/38 M.7 SUKHUMVIT ROAD
A.SIRACHA, CHON BURI 20230
TEL. (038) 352-189, 352-270
FAX 352-110
BRANCH MANAGER :
MR. PARICHINDA CHOMCHUEN

83. BANG LAMUNG BRANCH

296/4 M.5 SAWANGFA ROAD
A.BANG LAMUNG, CHON BURI 20150
TEL. (038) 425-386, 427-658, 428-121
FAX 425-386
BRANCH MANAGER :
MR. ANANT SOMRAT

84. CHON BURI BRANCH

797-799 CHETCHAMNONG ROAD
A.MUANG, CHON BURI 20000
TEL. (038) 273-030-1, 282-914
FAX 274-266
BRANCH MANAGER : -



85. RAYONG BRANCH
144/53-55 SUKHUMVIT ROAD
A.MUANG, RAYONG 21000
TEL. (038) 611-220, 611-588-9
FAX 614-870
BRANCH MANAGER :
MR. NARONGDACH CHATGITISAN

86. BAN SUAN SUB BRANCH
843/69 SUKHUMVIT ROAD
A.MUANG, CHON BURI 20000
TEL. (038) 285-711-3
FAX 285-333
BRANCH MANAGER :
MISS SUNANTA SRIPUCHARANUKUL

87. PATTAYA SUB BRANCH
31/12 M.10 SOUTH PATTAYA ROAD
T.NONGPRUE A.BANGLAMUNG,
CHONBURI 20260
TEL. (038) 420-278-9
FAX 420-278
BRANCH MANAGER :
MR. THANAPHAT PANTHONG

NORTH EASTERN

88. CHATTURAT BRANCH
12/23 M.32 CHAYAPHUM-SIKHIU
HIGHWAY ROAD, A.CHATTURAT,
CHAYAPHUM 36130
TEL. (044) 851-328, 851-333, 851-397
FAX 851-333
BRANCH MANAGER :
MR. THAMRONG KERDSIN

89. KAENG KHOI BRANCH
395/1-2 PHRA PHAYAP ROAD
A.KAENG KHOI, SARABURI 18110
TEL. (036) 244-510, 245-511-2
FAX 244-510
BRANCH MANAGER :
MR. SURAPONG MAHAVONGVIRIYA

90. KHON KAEN BRANCH
142-148 SRICHAN ROAD
A.MUANG, KHON KAEN 40000
TEL. (043) 221-457, 221-731, 224-827
FAX 224-631
BRANCH MANAGER :
MR. SAIYOUTH SRICHAIWAN

91. KRANUAN BRANCH
175/1 NIMIT MUANG ROAD
A.KRANUAN, KHON KAEN 40170
TEL. (043) 251-312-3
FAX 251-313
BRANCH MANAGER :
MR. WATCHARIN DARARAT

92. KUMPHAWAPI BRANCH
221-222 CHAE LAE ROAD
A.KUMPHAWAPI, UDON THANI 41110
TEL. (042) 331-082, 331-966-7
FAX 331-083
BRANCH MANAGER : -

93. MAHA SARAKHAM BRANCH
673 WORABUTR ROAD
A.MUANG, MAHA SARAKHAM 44000
TEL. (043) 711-298, 721-139
FAX 721-139
BRANCH MANAGER :
MR. ARUN PITAKSANG

94. NAKHON RATCHASIMA BRANCH
353 MITRAPHAB ROAD A.MUANG,
NAKHON RATCHASIMA 30000
TEL. (044) 244-133, 244-153, 258-162
FAX 258-161
BRANCH MANAGER :
MR. NARONG RUENGRATANAAMPORN

95. NONG KHAI BRANCH
1245 PRAJACT ROAD A.MUANG,
NONG KHAI 43000
TEL. (042) 411-728, 411-738,
412-524, 412-791
FAX 412-824
BRANCH MANAGER : -

96. PHAYAKKAPHUM PHISAI
BRANCH
652 M.1 WICHITRAT BANRUNG ROAD
A.PHAYAKKAPHUM PHISAI,
MAHA SARAKHAM 44110
TEL. (043) 791-119
FAX 791-120
BRANCH MANAGER :
MR. BOONNARK AKARKPIPAIKUL

97. PHIBUN MANGSAHAN BRANCH
57/3 PHIBUN ROAD
A.PHIBUN MANGSAHAN,
UBON RATCHATHANI 34110
TEL. (045) 441-141, 441-158, 441-573
FAX 441-158
BRANCH MANAGER :
MR. MATHEE CHAIVICHIAN

98. SAKON NAKHON BRANCH
1395 SUK KASEM ROAD
A.MUANG, SAKON NAKHON 47000
TEL. (042) 711-190, 730-557, 730-919
FAX 711-701
BRANCH MANAGER :
MISS PRANEE JAROONTHAM

99. SAWANG DAEN DIN BRANCH
125 M.11 NITTAYO ROAD A.SAWANG
DAEN DIN, SAKON NAKHON 47110
TEL. (042) 721-066-7
FAX 721-466
BRANCH MANAGER :
MR. KITTIBHONG KOTILAKAL

100. SIKHIU BRANCH
242/1 CHUMKHA ROAD
A.SIKHIU, NAKHON RATCHASIMA 30140
TEL. (044) 411-064, 411-104
FAX 412-468
BRANCH MANAGER :
MR. WIVAT KHAGTHATE

101. SURIN BRANCH
423 THANASAN ROAD
A.MUANG, SURIN 32000
TEL. (044) 512-030-1
FAX 512-031
BRANCH MANAGER :
MR. VIRAT NIMFAIBOON

102. U-THUMPHON PHISAI BRANCH
473 M.7 PHUAN PHOTCHANAKIT ROAD
A.LUTHUMPHON PHISAI, SI SA KET 33120
TEL. (045) 691-435-6
FAX 691-436
BRANCH MANAGER :
MR. PEERA BHATTARNAVIG

103. UBON RATCHATHANI BRANCH
316 CHAYANGKUN ROAD
A.MUANG, UBON RATCHATHANI 34000
TEL. (045) 284-224-5, 313-395
FAX 313-467
BRANCH MANAGER :
MR. SOMSAK VASUTHEPRUK

104. UDON THANI BRANCH
493 1 PHOSIT ROAD
A.MUANG, UDON THANI 41000
TEL. (042) 223-249-3, 344-087
FAX 247-184
BRANCH MANAGER :
MR. WERASAK AUEPONGKAROON

105. SURANAREE SUB BRANCH
191 M.3 RATCHASIMA-CHOKCHAI ROAD
A.MUANG, NAKHON RATCHASIMA 30000
TEL. (044) 212-888-9
FAX 212-888
BRANCH MANAGER : -

SOUTHERN

106. CHAIYA BRANCH
556 M.1 RAKNORAKIT ROAD
A.CHAIIYA, SURAT THANI 84110
TEL. (077) 431-121, 431-141
FAX 431-141
BRANCH MANAGER :
MR. CHANAI CHANINTHORNTHAP

107. CHUMPHON BRANCH
35/3 POPAMIN MAKKA ROAD
A.MUANG, CHUMPHON 86000
TEL. (077) 504-825, 511-661,
511-698, 570-259
FAX 511-661
BRANCH MANAGER :
MR. THANI SIRIPHAISALKUL

108. HAT YAI BRANCH
129/8 NIPHAT UTHIT 3 ROAD
A. HAT YAI, SONGKHLA 90110
TEL. (074) 233-037, 245-011, 245-022
FAX 233-037, 245-011, 245-022
BRANCH MANAGER :
MR. NATCHAPHOL TANAWONGWIBOOL

109. KRABI BRANCH
117 MAHARAJ ROAD
A.MUANG, KRABI 81000
TEL. (075) 612-977-80
FAX 612-979
BRANCH MANAGER :
MR. PANUWAT THIRASATTAYAPITAKH

110. PHUKET BRANCH
31 PHUKET ROAD
A.MUANG, PHUKET 83000
TEL. (076) 211-501-2, 214-651-2
FAX 211-502
BRANCH MANAGER :
MR. KRANGSAK SUKSOMBOON

111. SONGKHLA BRANCH
354 SAIBURI ROAD
A.MUANG, SONGKHLA 90000
TEL. (074) 311-906, 324-050-1
FAX 314-391
BRANCH MANAGER :
MRS. THASANEE RATANAMANEE

112. SURAT THANI BRANCH
323/1 NARMIANG ROAD
A.MUANG, SURAT THANI 84000
TEL. (074) 213-640, 213-643, 273-574
FAX 273-575
BRANCH MANAGER :
MR. PONGPETCH YAIKWAWONG

113. JULDIS SUB BRANCH
200/101.103 NIPHAT UTHIT 3 ROAD
A.HAT YAI, SONGKHLA 90110
TEL. (074) 230-973-4
FAX 230-975
BRANCH MANAGER :
MR. NITIKORN PHONHARN

114. NAMOM SUB BRANCH
1516 M.8 ASIA 43 ROAD
A.NAMOM, SONGKHLA 90310
TEL. (074) 433-620
FAX 433-620
BRANCH MANAGER :
MISS SUPA SRISAOVACHART

115. THANON RANONG SUB BRANCH
66 RANONG ROAD
A. MUANG, PHUKET 83000
TEL. (076) 217-153-4
FAX 217-155
BRANCH MANAGER :
MR. KUABOON SUOCHADUM

116. THANON VICHIAN CHOM
SUB BRANCH
114 VICHIANCHOM ROAD
A.MUANG, SONGKHLA 90000
TEL. (074) 311-478, 441-568
FAX 441-568
BRANCH MANAGER :
MRS. PONGSRI YACHARA



BRANCHES PROVIDING CURRENCY EXCHANGE SERVICE

METROPOLITAN BRANCHES

1. PHETCHBURI OFFICE
2. JAWARAD OFFICE
3. BANGBON
4. BANGKHEN
5. BANGPO
6. BANGRAK
7. BANGYEEKHAN
8. BUKKALO
9. CHAENGWATTHANA
10. HUAMARK
11. MAHANAK
12. NONG KHAEM
13. PAKKLONGTALAD
14. PRATUNAM
15. RAJADAMNERN
16. RAJAWONGSE
17. RANGSIT
18. RAT BURANA
19. SAMPENG
20. SATHUPRADIT
21. ST. LOUIS
22. THANON CHAN
23. THATIEN
24. THEWET
25. THON BURI
26. THONGLOR
27. TIVANON
28. WAT SAI
29. RAMKAMHAENG SUB BRANCH

PROVINCIAL BRANCHES

1. BANG LAMUNG
2. CHAIYA
3. CHIANG MAI
4. CHON BURI
5. CHUMPHON
6. HAT YAI
7. NAKHON RATCHASIMA
8. NONG KHAI
9. PHETCHABURI
10. PHITSANULOK
11. PHUKET
12. PRAN BURI
13. RAYONG
14. SONGKHLA
15. SURAT THANI
16. HUAI KAE0 SUB BRANCH
17. JULDIS SUB BRANCH



**CURRENCY EXCHANGE OFFICE
INSIDE THE BANK'S PREMISES**

1. **BANGKAPI BRANCH**
390/4-5 SUKHUMVIT ROAD, BANGKOK
2. **CHIANG RAI BRANCH**
879/14 PHAHOLYOTHIN ROAD, A. MUANG,
CHIANG RAI
3. **LUMPINI BRANCH**
1032/10-12 RAMA 4 ROAD, BANGKOK
4. **PATTAYA SUB BRANCH**
31/12 PATTAYA ROAD, A. BANGLAMUNG,
CHONBURI
5. **SILOM SUB BRANCH**
269 SILOM ROAD, BANGKOK
6. **THANON RANONG SUB BRANCH**
66 RANONG ROAD, A. MUANG, PHUKET
7. **THA PHAE SUB BRANCH**
396 THA PHAE ROAD, A. MUANG, CHIANG MAI
8. **YANNAWA BRANCH**
2074/7 NEW ROAD, BANGKOK

**CURRENCY EXCHANGE OFFICE
OUTSIDE THE BANK'S PREMISES**

1. **KAW SAN ROAD**
24/2 KAW SAN ROAD, TALAD YOD, PRANAKORN,
BANGKOK
2. **KAW SAN 2 ROAD**
181 KAW SAN ROAD, TALAD YOD,
PRANAKORN, BANGKOK
3. **OCEAN TIME SQUARE**
38-44 TILOKUTID 1 ROAD, TALAD YAI,
A. MUANG, PHUKET
4. **PA TONG BEACH**
(IN FRONT OF TARA PATONG HOTEL)
81/34 MU 3 TAVEEWONG ROAD,
A. KRATHU, PHUKET
5. **SOI NA NA TAI**
(OPPOSITE NANA HOTEL)
1/4 SOI NA NA TAI, SUKUMVIT 4 ROAD,
PRAKANONG, BANGKOK
6. **SOI NA NA TAI 2**
(OPPOSITE RAJA HOTEL)
21/9 SOI NA NA TAI, SUKUMVIT 4 ROAD,
PRAKANONG, BANGKOK
7. **SOMPETCH**
34/4 CHANG MOI ROAD, A. MUANG, CHIANG MAI

MOBILE EXCHANGE 1 UNIT

THAI



**Summary on the Positions of the particulars as prescribed under Form 56-2 on the Annual Report
for the Year 1998 of Bank Thai Public Company Limited.**

(Prepared under the Notification of the Securities Exchange commission No. KOR. JOR. 40/1997 re : Criteria, Conditions and Methods on Disclosure of the Information relating to Financial Status and the Performance of Companies issuing Securities.)

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STATISTICS OF RESULTS OF OPERATIONS IN THE PAST 10 YEARS

At Year End (Million Baht)	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Total Assets	67,993.5	73,352.4	64,614.1	55,989.7	45,658.1	41,378.2	36,296.4	32,611.9	30,453.8	23,024.2
Deposits*	62,430.8	48,398.7	49,795.5	41,005.6	35,386.3	33,091.8	30,120.9	27,303.7	25,139.8	18,786.9
Interbank and money market items (Liabilities)	2,098.5	13,989.8								
Lendings (net)	44,085.5	54,755.3	51,715.3	45,067.4	37,104.3	33,106.5	29,523.5	26,013.1	23,973.2	17,392.1
Cash**	748.6	782.3	2,257.3	2,280.3	1,606.9	1,745.6	1,472.7	1,509.5	1,403.1	1,085.5
Interbank and money market items (Assets)	10,617.4	6,216.2								
Investment in securities	4,560.6	4,696.5	4,922.6	4,086.4	3,025.3	2,761.9	2,196.0	2,302.2	2,403.9	2,212.5
Borrowings***	2,651.3	3,284.8	7,417.6	8,268.8	4,879.8	3,251.1	1,871.7	1,485.8	1,050.8	801.9
Paid-up capital	12,334.0	1,800.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0
Shareholders' equity	(816.0)	2,985.5	4,316.4	4,025.2	3,549.3	2,990.3	1,859.0	1,498.0	1,433.0	1,424.8
Number of employees (persons)	2,271	2,721	2,880	3,020	3,051	2,972	2,831	2,740	2,815	2,606
Number of branches	116	116	113	108	107	105	98	94	89	87
For the Year (Million Baht)										
Revenues from operations	7,591.6	8,889.5	6,773.3	6,270.0	4,826.1	4,606.2	4,236.7	4,432.3	3,203.8	2,261.6
Operating expenses	24,404.4	10,714.5	6,342.8	5,557.4	3,979.4	3,906.8	3,707.0	4,312.3	3,039.9	2,115.2
Profit (Loss) before income tax	(16,812.8)	(1,825.0)	430.5	712.6	946.8	699.4	529.7	120.0	163.9	146.4
Income tax			124.4	221.5	280.0	185.2	165.0	51.3	62.0	53.2
Net profit (Loss)	(16,812.8)	(1,825.0)	306.1	491.1	566.8	514.2	364.7	68.7	101.9	93.2
Dividend (% per year)									12.0	12.0

Note : * Deposits from the year 1989-1996, includes interest bearing dues to banks

** Cash from the year 1989-1996, includes deposits at banks and interest bearing dues from banks

*** Borrowings from the year 1997-1998, are subordinate long term debt only

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